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MARKETING and TRANSPORTATION SITUATION



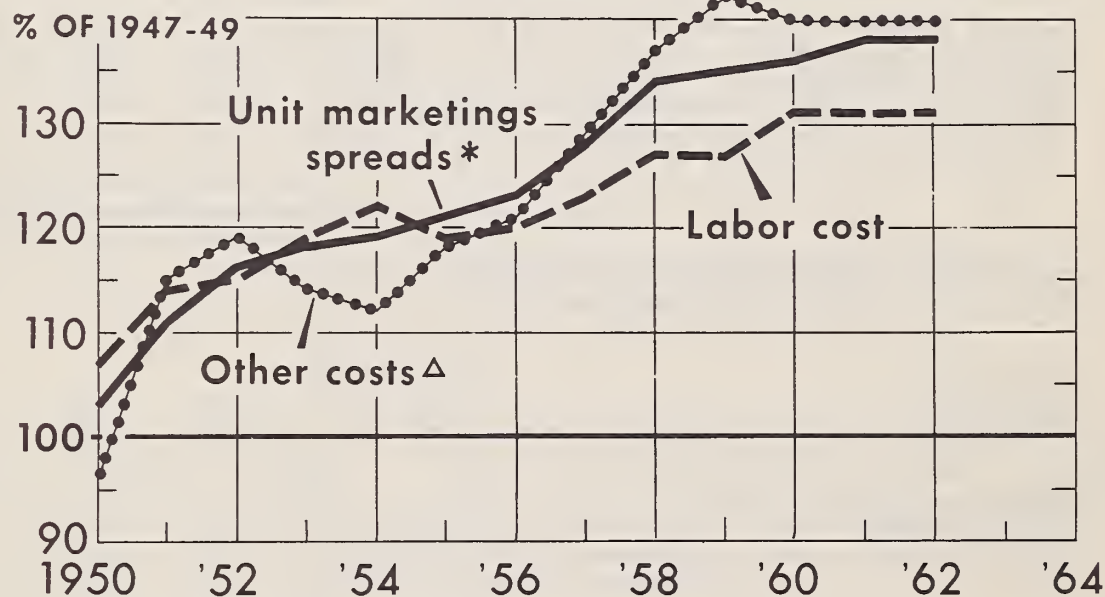
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Spreads between prices paid by consumers and returns to farmers for food products averaged about the same in 1962 as in 1961, after rising steadily since 1950. This stability reflects a corresponding stability in operating costs of firms marketing these products. Gains in output per man-hour have kept labor costs per unit of product handled from rising since 1960, though average hourly earnings of employees have increased. The general level of transportation charges has changed little in recent years. Other costs (as a group) likewise have leveled off. Marketing spreads and costs are expected to remain at about present levels in the year ahead.

UNIT MARKETING COSTS AND SPREADS FOR FARM FOODS



* FARM-RETAIL SPREAD OF FARM FOOD MARKET BASKET.

Δ TRANSPORTATION, ADVERTISING, DEPRECIATION, ETC.

1962 PRELIMINARY.

U. S. DEPARTMENT OF AGRICULTURE

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Marketing Costs and Spreads

Developments in Transportation

Food Stamp Program

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STATISTICAL SUMMARY OF MARKET INFORMATION

Item	Unit or base period	1961		1962		
		Year	July-Sept.	Jan.-Mar.	Apr.-June	July-Sept.
<u>Farm-to-retail price spreads</u>						
Farm-food market basket: <u>1/</u>						
Retail cost	Dol.	1,060	1,061	1,062	1,066	1,073
Farm value	Dol.	404	401	414	403	413
Farm-retail spread	Dol.	656	660	648	663	660
Farmer's share of retail cost	Pct.	38	38	39	38	38
Cotton: <u>2/</u>						
Retail cost	Dol.	2.19	2.19	2.15	2.15	---
Farm value	Dol.	.31	.32	.33	.33	---
Farm-retail spread	Dol.	1.88	1.87	1.82	1.82	---
Farmer's share of retail cost	Pct.	14	15	15	15	---
Cigarettes: <u>3/</u>						
Retail cost	Ct.	27.6	---	---	---	---
Farm value	Ct.	4.23	---	---	---	---
Federal and State excise taxes	Ct.	12.4	---	---	---	---
Farm-retail spread excluding excise taxes	Ct.	11.0	---	---	---	---
Farmer's share of retail cost	Pct.	15	---	---	---	---
<u>General economic indicators</u>						
Consumers' per capita income and expenditures: <u>4/</u>						
Disposable personal income	Dol.	1,979	1,989	2,024	2,050	2,054
Expenditures for goods and services	Dol.	1,840	1,847	1,887	1,905	1,912
Expenditures for food	Dol.	386	387	394	395	---
Expenditures for food as percentage of disposable income	Pct.	19.5	19.5	19.5	19.3	---
		1961		1962		
		Year	Sept.	July	August	Sept.
Hourly earnings, production workers, manufacturing: <u>5/</u>	Dol.	2.32	2.33	2.39	2.37	2.39
Hourly earnings of food marketing employees <u>6/</u> ...	Dol.	2.04	2.04	2.10	2.08	---
Retail sales: <u>7/</u>						
Food stores	Mil. dol.	4,618	4,602	4,835	4,856	4,948
Apparel stores	Mil. dol.	1,144	1,106	1,200	1,224	1,188
Manufacturers' inventories: <u>7/</u>						
Food and beverage	Bil. dol.	5.24	5.15	5.39	5.34	5.37
Textile	Bil. dol.	2.74	2.74	2.81	2.81	2.86
Tobacco	Bil. dol.	2.17	2.05	2.17	2.17	2.14
Indexes of industrial production: <u>8/</u>						
Food and beverage manufactures	1957=100	113	114	117	116	---
Textile mill products	1957=100	111	117	122	122	---
Apparel products	1957=100	124	125	129	127	---
Tobacco products	1957=100	118	116	114	---	---
Index of physical volume of farm marketings	1947-49=100	136	151	126	144	155
<u>Price indexes</u>						
Consumer price index <u>5/</u>	1957-59=100	104.2	104.6	105.5	105.5	106.1
Wholesale prices of food <u>5/</u>	1957-59=100	100.0	99.5	99.6	100.5	102.9
Wholesale prices of cotton products <u>5/</u>	1957-59=100	100.4	100.9	101.9	101.7	101.3
Wholesale prices of woolen products <u>5/</u>	1957-59=100	97.1	98.2	99.3	99.3	99.4
Prices received by farmers <u>9/</u>	1957-59=100	99	100	99	101	103
Prices paid by farmers, interest, taxes, and wage rates <u>9/</u>	1957-59=100	103	103	104	104	105

1/ Average quantities of farm food products purchased per wage-earner or clerical-worker family in 1952. 2/ Data for average family purchases in 1950 of 25 articles of cotton clothing and housefurnishings divided by number of pounds of lint cotton required for their manufacture; see U. S. Dept. Agr. Mktg. Res. Rpt. 277. 3/ Preliminary data for package of regular-sized, popular brand cigarettes; farm value is return to farmer for 0.065 lb. of leaf tobacco of cigarette-types; data for fiscal year beginning July 1, 1961. 4/ Seasonally adjusted annual rates, calculated from Dept. of Commerce revised data. Third quarter 1962 data are from preliminary estimates by the Council of Economic Advisers. 5/ Dept. Labor. 6/ Weighted composite earnings in food processing, wholesale trade, retail food stores, calculated from data of Dept. Labor. 7/ Seasonally adjusted, Dept. Commerce. Sales data for 1961 are averages of monthly totals (unadjusted). Inventory data for 1961 are book values at end of year (adjusted). 8/ Seasonally adjusted, Board of Governors of Federal Reserve System. 9/ Converted from 1910-14 base.

THE MARKETING AND TRANSPORTATION SITUATION

Approved by the Outlook and Situation Board November 8, 1962

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SUMMARY

Unit charges for marketing farm-originated domestic food products probably will average about the same next year as in 1962. Charges this year are running about the same as in 1961. Marketing charges increased each year from 1951 to 1961. Labor and other operating costs of marketing firms probably will remain close to present levels in the year ahead. Improvements in output per man-hour may keep unit labor costs from increasing, though employees' hourly earnings continue to rise. Prices of containers and packaging material, fuel, and other goods and services bought by marketing firms generally have been stable in recent years. The general level of transportation rates is unlikely to rise and may decline slightly in the year ahead.

Farmers' prices for food products are likely to average a little lower next year than in 1962. Slightly lower average prices in 1963 are in prospect for most

livestock products. The average level in the first 9 months was about 1 percent higher this year than in 1961. The third-quarter average was about 3 percent higher than in 1961.

Retail store prices of farm foods may average a little lower in 1963 than in the current year, if expectations as to unit marketing charges and farmers' prices for food products are realized. Retail prices averaged about 1 percent higher in the third quarter this year than a year earlier. The average for the first 9 months was about the same in 1962 as in 1961.

The farmer's share of the consumer's farm food dollar is expected to average 38 cents in 1963, the same as in 1961 and 1962.

Total net profits of corporations manufacturing food products were a little higher in the first half this year than in the same period of 1961. Profits of firms

manufacturing textiles and apparel were up sharply this year, after declining in 1961. Total profits of leading retail food chains as a group totaled about the same in the first half of 1962 as a year earlier.

The volume of farm products marketed next year is expected to total a little larger than this year's high level, unless weather conditions are unfavorable. Manufacturers' production and sales of foods and beverages in the first 9 months of this year were slightly larger than during the same period of 1961. Output and sales of textile products are up substantially this year. In the first 9 months of 1962, dollar sales of retail food stores were 4 percent larger than in the comparable months of 1961.

Disposable income per capita in the first 3 quarters averaged 4 percent higher this year than in 1961. It will likely rise further in 1963, but the increase next year probably will be smaller than that from 1961 to 1962. Consumers are spending more per person for food and clothing this year than in 1961.

Highlights of Special Articles

The Consumer's Advisory Council, established by direction of the President, met in September to plan its work for the coming year. Committees were set up to study the present standards for consumer goods, interrelations between Federal and State agencies in the area of consumer protection, effect of consumer credit practices, ways to improve the flow of information and opinion between government and the general public, and ways to represent the consumers' point of view more effectively on basic economic policies. (The Consumers' Advisory Council, pp. 21-22.)

Pilot Food Stamp Programs were offered to 25 additional areas throughout the United States on August 2, 1962, and to 14 more areas on October 26, 1962. USDA originally set up the present Pilot Food Stamp Programs in mid-1961 in 8 areas as a means of studying the

effectiveness of such a method of improving the nutrition of needy families and in expanding the use of the Nation's food production capacity. Food Stamp Programs in these additional areas will provide data on a wider variety of operating conditions than those in the 8 original areas.

Between 135,000 and 140,000 persons received food coupons each month during the first year the programs operated. Retail food store sales increased in each of the 8 areas after the Food Stamp Program was established. Food coupons valued at \$35.2 million were issued. Participants in the programs paid \$22 million and the Government contributed \$13.2 million. (The Pilot Food Stamp Program -- A Continuing Experiment, pp. 23-24.)

The President in a message delivered to Congress in April of this year and the Administrative Conference of the United States in a report published in March recommended less regulation of transportation. Greater reliance would be put on competition among carriers to promote efficiency in the use of transportation resources and to prevent excessive rates. Bills embodying the President's recommendations were introduced in Congress but did not reach a vote. Two of these bills would have extended to all modes of transportation exemptions from minimum-rate legislation now granted to motor carriers hauling unmanufactured agricultural commodities and to water carriers hauling bulk commodities. The Presidential Railroad Commission in a public report in February recommended changes in work rules for on-train railroad workers. The railroads attempted to put these recommendations into effect, but the employees' unions obtained a temporary restraining order in the Federal Courts. (Transportation Review and Outlook, pp. 25-26.)

The movement of U.S. agricultural products through the St. Lawrence Seaway has increased annually since the Seaway opened in 1959. Imports are increasing each year, but most of the agricultural volume

continues to be export traffic. Grain and grain products account for better than 95 percent of the annual U.S. exports of agricultural products through the Seaway to Canadian or overseas destinations. Some of the other U.S. agricultural products shipped overseas via the Seaway include frozen and canned meat, dairy products, poultry, and animal hides.

Overseas cargo is moving from U.S. Great Lakes ports at a record pace this year. The increased volume, mostly grain or grain products, is attributable to an increased overseas demand for grain, an excess supply of world cargo capacity, and the resulting general decline of ocean freight rates.

U.S. and Canadian firms are placing large bulk-carrying vessels in service between Great Lakes and Lower St. Lawrence ports, thus gaining efficiency in utilization of the Seaway and connecting channel locks. Increasing imports are adding to the supply of cargo space available for export shipment. (Agricultural Traffic on the St. Lawrence Seaway, pp. 26-32.)

Shipments of agricultural perishables by air freight are increasing. Five major

airlines reported a 62 percent increase in volume shipped between 1959 and 1961. Cut flowers made up 55 percent of the total volume shipped. Tree-ripened fruits, vine-ripened vegetables, fresh fish, and other agricultural perishables are being shipped in increasing quantities because of lower air freight rates, new planes designed especially for cargo, improvements in handling techniques, and new lightweight containers featuring temperature controls.

The Civil Aeronautics Board revoked the order prescribing minimum rates on domestic shipments by air freight on October 1, 1961. Some carriers with efficient operating equipment have reduced rates and become more competitive with surface carriers. Present air freight rates average about 18 to 20 cents per ton-mile compared with about the same rate for rail express and about 6 cents per ton-mile for truck movement. Airline officials believe the new turboprop planes can operate economically at a rate of 12 to 14 cents per ton-mile. Other planes in the manufacturing stage may enable airlines to reduce rates to about 10 cents per ton-mile. (Recent Developments and Trends in the Air Movement of Agricultural Perishables, pp. 32-34.)

ERS PUBLISHES NEW MAGAZINE

The Farm INDEX, a new monthly magazine of the Economic Research Service, began publication in October.

The Farm Index will report in nontechnical language the results of ERS's broad research program. This material will be grouped according to the special interests of farming, marketing, the foreign market, and the consumer.

Regular features will be a two-page digest of the Agricultural Outlook, a table presenting the latest figures for 50 leading indicators of economic developments in agriculture, marketing, and the general economy, and brief review of current ERS research publications.

You can obtain single copies of The Farm INDEX by writing: Division of Information, Management Operations Staff, U. S. Department of Agriculture, Washington 25, D. C. Subscriptions are available from the Superintendent of Documents, Government Printing Office, Washington 25, D. C. for \$2.00 a year, \$2.75 foreign.

FARM-RETAIL SPREADS FOR FARM FOOD PRODUCTS-- RECENT TRENDS AND OUTLOOK

No Change in Marketing Spread; Farm Value Up from Year Earlier

Unit charges for marketing farm-originated food products, as measured by the farm-retail spread of the farm food market basket, averaged almost the same as a year earlier in each of the first 3 quarters of 1962. ^{1/} The spread averaged \$660 (annual rate) in the third quarter this year, nearly the same as in the preceding quarter. It now seems likely that the annual average spread for 1962 will be about the same as for 1961. If so, 1962 will be the first year since 1950 that the spread has not increased (table 1). Operating costs of marketing firms generally have been relatively stable this year (pp.11-18).

The farm-retail spread of the poultry and eggs group in the third quarter this year was down 6 percent from a year earlier, and the spread for the meat products group was down slightly (table 2 and table 10, p.37). These decreases were partly offset by increases for the bakery and other cereals and fats and oils groups. Farm-retail spreads for the other product groups in the market basket were scarcely changed.

The farm value of the farm-food market basket rose to an average annual rate of \$413 in the third quarter of 1962, up 2 percent from the previous quarter and 3 percent from a year earlier. Most of this rise resulted from

increases in prices farmers received for meat animals and broilers (table 2). The fruits and vegetables and fats and oils groups showed significant reductions. The farm value of the market basket averaged 1 percent higher in the first 9 months this year than in the comparable period of 1961.

Retail Cost 1 Percent Higher Than Year Earlier

The retail cost of the market basket averaged \$1,073 (annual rate) in the third quarter of 1962--about 1 percent higher than in the previous quarter and in the third quarter last year. Much of the increase from the year-earlier level was caused by higher retail prices for meat. Prices of the bakery and cereal products in the market basket also were up. Prices of eggs, most of the dairy products, several of the fresh fruits and vegetables, frozen concentrated orange juice, and some of the fats and oils products were significantly lower than in the third quarter last year (table 9, p. 36).

The retail cost of the market basket of farm-originated foods is averaging about the same in 1962 as in 1961.

Farmer's Share Remains at 38 Cents

Farmers received an average of 38 cents of the dollar consumers spent for

^{1/} The "market basket" contains the average quantities of domestic farm-originated food products purchased per family in 1952 for consumption at home by urban wage-earner and clerical-worker families. Additional information concerning the contents of the market basket and methods of estimating market basket data are given in Farm-Retail Spreads for Food Products, USDA Misc. Pub. 741, November 1957. Since the market basket does not contain imported foods or fishery products and other foods of nonfarm origin or the cost of meals in eating places, its retail cost is less than the cost of all foods bought per family. The farm value is the return to farmers for the farm products equivalent to the foods in the market basket. The farm-retail spread is the difference between the retail cost and farm value. It is an estimate of the charges made by marketing firms for assembling, processing, transporting, and distributing the products in the market basket.

Table 1.--The farm food market basket: Retail cost, farm value, farm-retail spread, and farmer's share of retail cost, 1950-62 1/

Year and month	Retail cost <u>2/</u> Dollars	Farm value <u>3/</u> Dollars	Farm-retail spread Dollars	Farmer's share Percent
1950	920	432	488	47
1951	1,024	497	527	49
1952	1,034	482	552	47
1953	1,003	445	558	44
1954	986	421	565	43
1955	969	395	574	41
1956	972	390	582	40
1957	1,007	401	606	40
1958	1,064	430	634	40
1959	1,040	398	642	38
1957-59 average	1,037	410	627	40
1960	1,053	407	646	39
1961 <u>4/</u>	1,060	404	656	38
1962 <u>4/</u>	1,064	408	656	38
<u>1961 4/</u>				
January	1,068	418	650	39
February	1,070	424	646	40
March	1,068	415	653	39
April	1,068	409	659	38
May	1,060	398	662	38
June	1,059	393	666	37
July	1,066	397	669	37
August	1,060	404	656	38
September	1,058	403	655	38
October	1,054	396	658	38
November	1,045	395	650	38
December	1,047	404	643	39
<u>1962 4/</u>				
January	1,057	411	646	39
February	1,065	416	649	39
March	1,064	414	650	39
April	1,066	409	657	38
May	1,063	401	662	38
June	1,068	401	667	38
July	1,068	402	666	38
August	1,067	412	655	39
September	1,085	425	660	39

1/ The farmer's share and index numbers of the retail cost, farm value, and farm-retail spread for the years 1913-61 (1957-59=100) are published in the February 1962 Marketing and Transportation Situation (MTS-144), p. 50. 2/ Retail cost of average quantities purchased per family in 1952 by urban wage-earner and clerical worker families, calculated from retail prices collected by the Bur. Labor Statistics. 3/ Payment to farmers for equivalent quantities of farm produce minus imputed value of by products obtained in processing. 4/ Preliminary estimates.

: Current data are given in the Statistical Summary, :
: a monthly publication of the Statistical Reporting Service :
:

Table 2.--The market basket of farm foods: Retail cost, farm value, farm-retail spread, July-September, 1962 and 1961

Item	July- Sept. 1962	July- Sept. 1961	Change: July-Sept., 1962 from July-Sept., 1961	
			Actual	Percentage
	Dollars	Dollars	Dollars	Percent
Retail cost				
Market basket	1,073.30	1,061.14	12.16	1
Meat products	289.59	273.91	15.68	6
Dairy products	199.77	201.67	-1.90	-1
Poultry and eggs	83.73	84.33	-.60	-1
Bakery and cereal products	170.95	167.43	3.52	2
All fruits and vegetables	241.24	244.78	-3.54	-1
Fats and oils	43.05	44.09	-1.04	-2
Miscellaneous products	44.97	44.92	.05	1/
Farm value				
Market basket	412.93	401.36	11.57	3
Meat products	157.81	140.60	17.21	12
Dairy products	87.62	89.53	-1.91	-2
Poultry and eggs	51.14	49.51	1.63	3
Bakery and cereal products	30.71	29.93	.78	3
All fruits and vegetables	67.98	71.86	-3.88	-5
Fats and oils	10.41	12.73	-2.32	-18
Miscellaneous products	7.26	7.20	.06	1
Farm-retail spread				
Market basket	660.37	659.78	.59	1/
Meat products	131.78	133.31	-1.53	-1
Dairy products	112.15	112.14	.01	1/
Poultry and eggs	32.59	34.82	-2.23	-6
Bakery and cereal products	140.24	137.50	2.74	2
All fruits and vegetables	173.26	172.92	.34	1/
Fats and oils	32.64	31.36	1.28	4
Miscellaneous products	37.71	37.72	-.01	1/
Farmer's share of retail cost				
	Percent	Percent	Percentage point	
Market basket	38	38	0	
Meat products	54	51	3	
Dairy products	44	44	0	
Poultry and eggs	61	59	2	
Bakery and cereal products	18	18	0	
All fruits and vegetables	28	29	-1	
Fats and oils	24	29	-5	
Miscellaneous products	16	16	0	

1/ Less than 0.5 percent.

farm foods in retail food stores in the third quarter this year, the same share as in the preceding quarter and in the third quarter last year. The farmer's share averaged 38 cents in the first 9 months of 1962, as in the like period of 1961. During the 10 years 1952-61, the annual average farmer's share declined from 47 cents in 1952 to 38 cents in 1959 and 1961.

Prices of Beef and Pork Rise

The retail price of Choice-grade beef rose to an average of 83.0 cents per pound in the third quarter this year, 2.5 cents higher than in the previous quarter and 6.1 cents higher than a year earlier (table 3). Returns to farmers (the net farm value) increased more than the retail price, rising to 53.3 cents in the quarter just ended from 49.8 cents in the second quarter and 44.7 cents in the third quarter last year. Both the farm-wholesale and wholesale-retail segments of the farm-retail spread were smaller in the third quarter this year than in the same period of 1961.

Retail prices of pork averaged 62.2 cents per pound of retail cuts in the third quarter this year, up 4.4 cents from the preceding quarter and 2.1 cents from the year-earlier level (table 3). The farm-retail spread was about the same in the second and third quarters, but the third quarter average was 5 percent larger this year than last. The net farm value jumped to 34.1 cents in the third quarter from 29.8 cents in April-June. It averaged 33.3 cents in the third quarter last year.

The increase in the farm value of pork from the second to the third quarter this year was larger than the usual seasonal rise. Prices of hogs rose sharply in early September, a period in which they often turn down. The rise in the farm value of beef also was larger than seasonal. Prices of beef cattle increased in each month of the quarter. Demand for beef was strong and the supply was smaller than a year earlier. Price increases for hogs and beef cattle in September were caused to some extent by action of the National Farmers Organization to withhold meat animals from markets. The retail price of pork showed more than the usual seasonal rise, but the increase for beef was no greater than seasonal.

Prices of Broilers Recover from Last Year's Low Levels

Retail prices of frying chickens (broilers) averaged 40.4 cents per pound in July-September compared with 39.9 cents in April-June and 36.7 cents in the third quarter last year (table 9, p. 36). Corresponding farm values (for 1.37 pounds of live weight broiler) were 21.2 cents, 19.8 cents, and 16.9 cents. The farm-retail spread decreased, as the farm value increased more than the retail price. Both the farm value and retail price were at record low levels in the third quarter last year. The supply of broilers per capita was smaller this year. Demand was strengthened this year by larger export shipments in the first half, purchases of young chickens for the National School Lunch Program, and higher prices for red meats.

The Outlook for 1963

Operating costs of marketing firms probably will continue relatively stable in 1963. Average hourly earnings of food marketing workers are likely to go up again next year. Gains in output per man-hour, however, may keep labor costs per unit of product marketed from

rising. Competition among carriers is expected to hold down transportation rates for farm products and may well bring further rate reductions. The general level of prices of supplies and other goods and services (not including raw materials and labor) bought by marketing

Table 3.--Beef, pork, and lamb: Retail price, wholesale value, farm value, farm-retail spread, and farmer's share of retail price by quarters, 1961-62

Year and quarter	Retail price per pound ^{1/}	Wholesale value ^{2/}	Gross farm value ^{3/}	Byproduct allowance ^{4/}	Net farm value ^{5/}	Farm-retail spread			Farmer's share
						Total	Wholesale-retail	Farm-wholesale	
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Percent
Beef, (Choice grade)									
1961									
Jan.-Mar....	81.7	60.1	54.1	4.3	49.8	31.9	21.6	10.3	61
Apr.-June....	79.1	55.0	49.5	4.7	44.8	34.3	24.1	10.2	57
July-Sept....	76.9	54.3	49.5	4.8	44.7	32.2	22.6	9.6	58
Oct.-Dec....	78.9	57.0	52.0	4.7	47.3	31.6	21.9	9.7	60
1962									
Jan.-Mar....	80.6	59.8	55.4	4.6	50.8	29.8	20.8	9.0	63
Apr.-June....	80.5	59.4	54.6	4.8	49.8	30.7	21.1	9.6	62
July-Sept....	83.0	62.0	58.2	4.9	53.3	29.7	21.0	8.7	64
Pork, (retail cuts)									
1961									
Jan.-Mar....	59.6	43.2	37.0	5.5	31.5	28.1	16.4	11.7	53
Apr.-June....	58.3	41.1	35.4	5.1	30.3	28.0	17.2	10.8	52
July-Sept....	60.1	43.7	38.2	4.9	33.3	26.8	16.4	10.4	55
Oct.-Dec....	58.9	41.6	35.0	4.3	30.7	28.2	17.3	10.9	52
1962									
Jan.-Mar....	57.9	41.8	35.3	4.6	30.7	27.2	16.1	11.1	53
Apr.-June....	57.8	40.9	34.2	4.4	29.8	28.0	16.9	11.1	52
July-Sept....	62.2	45.6	38.7	4.6	34.1	28.1	16.6	11.5	55
Lamb, (Choice grade)									
1961									
Jan.-Mar....	67.7	43.7	40.1	6.1	34.0	33.7	24.0	9.7	50
Apr.-June....	64.6	43.4	37.2	4.7	32.5	32.1	21.2	10.9	50
July-Sept....	65.2	44.1	36.8	4.7	32.1	33.1	21.1	12.0	49
Oct.-Dec....	66.1	43.3	36.5	5.4	31.1	35.0	22.8	12.2	47
1962									
Jan.-Mar....	67.4	42.8	39.3	7.1	32.2	35.2	24.6	10.6	48
Apr.-June....	70.6	48.2	41.9	6.5	35.4	35.2	22.4	12.8	50
July-Sept....	72.5	52.0	44.1	5.8	38.3	34.2	20.5	13.7	53

^{1/} Estimated weighted average price of retail cuts.

^{2/} Wholesale value of quantity of carcass equivalent to 1 lb. of retail cuts: Beef, 1.35 lb.; pork, 1.00 lb.; lamb, 1.11 lb.

^{3/} Payment to farmer for quantity of live animal equivalent to 1 lb. of retail cuts: Beef, 2.25 lb.; pork, 2.13 lb.; lamb, quantity varies by months from 2.28 lb. in June to 2.42 lb. in March.

^{4/} Portion of gross farm value attributed to edible and inedible byproduct.

^{5/} Gross farm value minus byproduct allowance.

Data for earlier years were published in The Marketing and Transportation Situation, May 1962, (MTS-145).

firms has increased little, if any, this year and may remain stable next year (pp. 11-18).

Marketing charges per unit for domestic farm food products are expected to average about the same next year as in 1962 and 1961. There has been a tendency for retail prices to change less than prices at the farm level, particularly when prices are falling. If this tendency continues marketing charges may rise for those farm foods for which farm prices decrease. Such increases in marketing charges, however, are likely to be small.

A small decrease in the total farm value of the foods in the market basket is in prospect for 1963. Increased pro-

duction next year is expected to bring slightly lower farm prices for beef cattle, hogs, calves, broilers, and eggs. The farm value of the bakery and cereal products group also may average lower next year if the expected decline in the market price of wheat occurs.

Retail store prices of farm-originated food products may average a little lower in 1963 than in 1962, even if marketing charges increase slightly.

The farmer's share of the consumer's farm food dollar will average 38 cents in 1963, the same share as is expected for this year, unless increases in marketing charges and decreases in farm prices are greater than those now anticipated.

COSTS AND PROFITS IN MARKETING FARM PRODUCTS

Labor Costs

Hourly earnings of employees in food marketing establishments averaged \$2.08 in August of this year, up 6.0 cents from August 1961 (table 4). This increase was 1 cent less than that from August 1960 to August 1961. Since 1950, increases from one calendar year to another have averaged 7.5 cents. As usual, the average dipped slightly in August this year, because of a seasonal decline in average hourly earnings in the food manufacturing industries. This decline resulted from a seasonal increase in the proportion of lower-paid workers.

Average hourly earnings in each of the 3 components of the food marketing industry -- manufacturing, wholesaling, and retailing -- increased by 3 percent from August 1961 to August this year. This increase is about equal to the rise in average hourly earnings of employees in all manufacturing industries but slightly less than that in all retail trade. In 1961, hourly earnings averaged \$2.18 in the food manufacturing industry compared

with \$2.32 in all manufacturing industries. The average of \$1.76 in the retail food trade compared with \$1.68 in all retail trade.

Changes in average hourly earnings reflect changes in wage rates, in the proportion of employees in lower- and higher-paid groups, and in the number of hours of overtime work for which premium rates are paid. Part of the rise in average hourly earnings has resulted from an increase in the proportion of higher-paid employees.

Labor cost per unit of product handled in the food marketing industries has not risen as much as hourly earnings in recent years. Unit labor cost in 1961 was 4 percent higher than the 1957-59 average, though hourly earnings were up 12 percent. Unit labor cost averaged the same in 1961 as in 1960, though hourly earnings averaged 4 percent higher than in the earlier year. ^{1/}

Hourly earnings in the tobacco manufacturing industry averaged \$1.66 in September this year, 2 percent higher than

^{1/} The Marketing and Transportation Situation, Aug. 1962, p. 13.

Table 4.--Average hourly earnings of employees of firms marketing food, tobacco, and textiles and related products, 1947-62

Year and month	Food marketing 1/	Tobacco manu- facturers 2/	Textile-mill products 2/	Apparel and related products 2/	Retail apparel and accessories stores 2/
	Dollars	Dollars	Dollars	Dollars	Dollars
1947-49 Av.	1.11	0.953	1.124	1.197	1.024
1950	1.22	1.076	1.228	1.240	1.062
1951	1.31	1.14	1.32	1.31	1.11
1952	1.38	1.18	1.34	1.32	1.16
1953	1.46	1.25	1.36	1.35	1.21
1954	1.51	1.30	1.36	1.37	1.25
1955	1.58	1.34	1.38	1.37	1.27
1956	1.67	1.45	1.44	1.47	1.30
1957	1.75	1.53	1.49	1.51	1.35
1958	1.82	1.59	1.49	1.54	1.39
1959	1.88	1.64	1.56	1.56	1.44
1960	1.96	1.70	1.61	1.59	1.47
1961	2.04	1.77	1.63	1.63	1.51
1961					
Jan.	2.01	1.73	1.61	1.61	1.51
Feb.	2.02	1.76	1.61	1.61	1.48
Mar.	2.02	1.79	1.62	1.62	1.47
Apr.	2.03	1.86	1.62	1.61	1.49
May	2.04	1.86	1.62	1.60	1.50
June	2.04	1.88	1.62	1.60	1.51
July	2.04	1.86	1.62	1.62	1.50
Aug.	2.02	1.70	1.63	1.64	1.49
Sept.	2.04	1.62	1.64	1.65	1.51
Oct.	2.04	1.70	1.64	1.68	1.54
Nov.	2.06	1.81	1.65	1.67	1.53
Dec.	2.06	1.82	1.65	1.67	1.54
1962					
Jan.	2.09	1.81	1.65	1.67	1.56
Feb.	2.09	1.84	1.65	1.67	1.55
Mar.	2.09	1.91	1.68	1.68	1.53
Apr.	2.09	1.95	1.68	1.67	1.56
May	2.10	1.97	1.69	1.66	1.56
June	2.10	1.98	1.69	1.66	1.56
July	2.10	1.97	1.68	1.66	1.55
Aug.	2.08	1.80	1.68	1.67	1.54
Sept.	---	1.66	1.68	1.69	---

1/ Weighted composite earnings in food manufacturing and wholesale and retail food trades calculated by the Econ. Res. Serv. from data of the U.S. Dept. of Labor.
2/ U.S. Dept. of Labor.

a year earlier. The average declines seasonally in the late summer, like that for the food manufacturing industries. In June of this year, the monthly average reached a peak of \$1.98, which was 10 cents above the peak in 1961--also reached in June.

Hourly earnings of employees in plants manufacturing textile-mill products and apparel and related products averaged 2 percent higher in September 1962 than a year earlier. Employees in retail and apparel stores in August this year earned 3 percent more per hour than in the same month of 1961.

Average hourly earnings probably will continue to rise in the months ahead. Increases in the proportion of highly skilled (and higher-paid) employees probably would raise the averages, even though wage rates didn't go up. Improvements in output per man-hour, however, may keep labor costs per unit from rising.

Transportation Charges

There were no general rate increases in either the trucking or the railroad industry in 1962; this is evidence of continuing keenly competitive conditions in transportation. The combined index of rail freight rates for selected agricultural commodities was down 5 percent in 1961 from the record level in 1957 and 1958 (table 5). ^{2/} Rates for livestock, wheat, and cotton averaged slightly lower in 1961 than in 1960; rates for meat and fruits and vegetables were slightly higher.

Transportation rates on unmanufactured agricultural commodities carried by truck are not regulated and generally are not published. A large number of motor carriers of exempt agricultural commodi-

ties interviewed in the summer of 1962 indicated that the general level of truck rates on these exempt commodities has been fairly stable for some time. One important rail rate reduction case is pending before the ICC; I&S No. 7656, Grain in Multiple-Car Shipments -- River Crossings to the South. If the proposed rate reductions are permitted to go into effect, it is likely that there will be additional downward pressure on the rail grain rate structure. There is likely to be continued downward pressure on rates as all kinds of transportation firms seek to increase their efficiency by putting additional large-capacity units into operation. It is reasonable to expect the downward trend in rail rates, which began in 1958, to continue in 1963. Truck and barge operators will find it necessary to meet their railroad competition.

Railroads raised wages of nonoperating employees this year, but they did not increase freight rates to offset the higher wages. The railroads are presently negotiating with the operating employees' unions over changes in work rules. Whatever work rule changes are finally adopted, it seems likely that the immediate effect on costs will be either neutral or an increase. But it seems unlikely that an increase would be passed along to shippers. The railroads expect, of course, that the long-run effect would be to reduce their costs.

Other Costs

Prices of most goods and services (not including raw materials and labor) bought by marketing firms apparently have changed little this year (table 6). This stability contrasts with the situation existing a few years ago, when most of these prices went up significantly every year. In the first half of this year, prices of fuel,

^{2/} The index appears this year on a 1957-59 base. There was no change in weights. A revision of the weights to reflect 1957-59 traffic and the addition of tobacco, wool, and canned fruits and vegetables is planned. A separate index for corn and other feed grain rates also is planned. These rates apparently have declined somewhat more than rates for wheat since 1958 (see ICC Indexes of Average Freight Rates Statement RI-1, 1960).

Table 5.--Rail freight rate indexes for selected agricultural commodities, 1945-61 1/

(1957-59 = 100)

Year	Livestock	Meat	Fruits and vegetables	Wheat	Cotton	Combined index
1945.....	48	54	64	53	66	56
1946.....	50	53	65	54	66	57
1947.....	57	63	73	61	76	65
1948.....	68	77	84	73	86	76
1949.....	74	84	87	77	91	81
1950.....	75	86	89	79	93	83
1951.....	77	89	89	81	96	84
1952.....	84	95	94	87	104	90
1953.....	86	97	95	89	108	93
1954.....	86	97	95	89	108	93
1955.....	86	97	95	89	105	92
1956.....	90	101	98	94	101	96
1957.....	97	107	102	99	100	101
1958.....	102	101	100	101	100	101
1959.....	101	92	97	100	100	99
1960.....	101	91	96	99	100	97
1961.....	99	92	97	97	99	96

1/ Indexes shown here are based on actual rate levels, and rises reflect rate increases actually taken by the railroads. Increases were somewhat below those authorized by the Interstate Commerce Commission. For index numbers 1913-51 and methodology see Methods Used in Computing Rail Freight-Rate Indexes for Farm Products, by Reese, Robert B., U. S. Dept. Agr., AMS-209, issued Oct. 1953, reissued Sept. 1957.

electric power, and light averaged a little lower than in January-June 1961. Prices of containers and packaging materials averaged about the same in both periods. Prices of other intermediate goods were down from the first half last year. Prices of services (rent, property insurance and maintenance, telephone, etc.) were a shade higher this year.

Interest rates charged by banks on short-term loans to business have been stable during 1962 and 1961. Rates in 19 large cities in the various sections of the country averaged 5.01 percent in June 1962. This rate was lower than the rate prevailing during much of 1959 and 1960.

State and local taxes have continued to rise in many areas. Depreciation charges have been moving upward in recent years, because plant and equipment have been expanded and many old facilities have been replaced at prices that were higher than those paid in earlier years. Also, much plant and equipment now is written off at more rapid rates than those formerly used.

Profits

Total net profits, both before and after taxes on income, of corporations manufacturing food products were 2 percent higher in the first half of this year than

Table 6.--Prices of supplies, services, and equipment bought by marketing firms, 1953-1962

Year and Quarter	(1957-59=100)									
	Intermediate goods and services									
	Goods					Services				
	Total	Total	Containers and packaging materials	Fuel, power and light	Other			Producers' durable equipment	Con- struction costs	
1953	89	90	89	91	92	88	83		88	
1954	90	91	89	92	94	89	84		88	
1955	91	91	90	92	94	90	86		90	
1956	95	96	96	96	96	93	92		95	
1957	98	99	99	102	98	97	98		99	
1958	100	100	101	99	100	100	100		99	
1959	102	101	100	100	102	103	102		102	
1960	103	102	102	102	102	105	102		104	
1961	103	102	101	103	102	106	102		105	
1961										
Jan. - Mar.	104	103	103	105	103	105	102		104	
Apr. - June	103	101	100	103	103	106	102		105	
July - Sept.	103	101	100	103	102	107	102		105	
Oct. - Dec.	104	102	101	103	99	107	102		105	
1962										
Jan. - Mar.	104	102	102	103	99	107	--		105	
Apr. - June	104	101	102	102	97	107	--		107	

1/ Includes office supplies, restaurant supplies, and many other goods.

2/ Implicit price deflator for producers' durable equipment, gross national product, U. S. Dept. of Commerce, converted by ERS to 1957-59=100.

3/ Department of Commerce, converted by ERS to 1957-59=100.

in the like period of 1961, according to joint reports of the Federal Trade Commission and the Securities and Exchange Commission. Before-tax profits of corporations manufacturing textile mill products totaled 47 percent more in January-June 1962 than in the first half last year, and profits after taxes were up 70 percent. The sharp upward movement of profits in the textile industry followed a big drop last year. First-half profits this year showed an even larger jump from a year earlier in the apparel industry, following a decrease from 1960 to 1961.

Profits of a group of leading retail food chain companies totaled about the same in the first half this year as in the same period of 1961.

Net profits (before and after taxes) as a percentage of sales for 45 leading food manufacturing companies were down in 1961 from 1960 (table 7). As a percent-

age of stockholders' equity, profits of these companies and 4 additional companies also were lower in 1961. Profits of 5 leading wholesale food distributors likewise were down last year. For 8 leading retail food chain companies, profits (before taxes) as a percentage of sales averaged lower, but the after-tax ratio was the same in 1961 as in 1960. As a percentage of stockholders' equity, profits of these companies, both before and after taxes, averaged lower in 1961 than in the preceding year.

Before-tax profit ratios for the 5 leading tobacco manufacturing companies averaged higher in 1961 than in 1960; after-tax profits to sales ratios were up in 1961, and the ratio of profits to stockholders' equity was unchanged.

Profit rates of textile and apparel manufacturing corporations averaged lower in 1961 than in the previous year (table 8).

Table 7.--Net profits (before and after taxes on income) as a percentage of stockholders' equity and as a percentage of sales, leading food and tobacco companies, average 1935-39 and 1947-49, annual 1950-61

Year	Profits as percentage of stockholders' equity ^{1/}							
	49 food manu- facturing companies		5 wholesale food distributors		8 retail food chains		5 tobacco companies	
	Before taxes	After taxes	Before taxes	After taxes	Before taxes	After taxes	Before taxes	After taxes
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Average:								
1935-39.....	8.8	7.2	--	--	10.2	8.4	17.3	13.9
1947-49.....	19.4	11.6	25.2	15.5	27.8	16.5	23.8	14.3
1950.....	21.0	11.5	17.2	10.0	26.7	14.0	25.8	13.5
1951.....	18.0	8.5	17.6	9.4	21.1	10.1	24.8	9.9
1952.....	17.6	8.2	12.4	5.8	22.5	10.0	23.0	9.5
1953.....	19.9	9.2	14.8	7.6	25.1	11.4	25.6	10.1
1954.....	18.4	8.9	13.8	7.5	23.3	11.3	23.1	10.6
1955.....	20.3	10.2	12.6	6.7	23.4	11.2	26.2	12.0
1956.....	20.1	10.3	15.0	7.6	27.5	13.1	26.2	12.1
1957.....	18.8	9.6	15.4	7.6	29.9	14.2	27.3	12.8
1958.....	20.6	10.2	18.4	9.7	29.2	13.8	31.6	14.6
1959.....	21.5	10.6	15.9	8.1	27.0	12.9	32.0	14.8
1960.....	20.8	10.3	19.0	10.1	26.0	12.5	31.7	14.8
1961.....	19.7	9.7	15.5	7.6	23.6	11.3	32.4	14.8
	Profits as percentage of sales							
	45 food manu- facturing companies		5 wholesale food distributors		8 retail food chains		5 tobacco companies	
	Before taxes	After taxes	Before taxes	After taxes	Before taxes	After taxes	Before taxes	After taxes
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Average:								
1935-39.....	3.6	3.0	--	--	1.8	1.5	11.3	9.1
1947-49.....	3.9	2.3	2.7	1.7	2.3	1.4	8.2	4.9
1950.....	4.6	2.5	2.1	1.2	2.4	1.3	9.8	5.1
1951.....	3.6	1.7	2.1	1.1	1.9	.9	9.4	3.8
1952.....	3.5	1.6	1.6	.7	1.9	.8	8.2	3.4
1953.....	4.0	1.9	2.0	1.0	2.1	1.0	9.7	3.8
1954.....	3.8	1.9	1.9	1.0	2.0	1.0	9.4	4.3
1955.....	4.4	2.2	1.7	.9	2.1	1.0	10.8	4.9
1956.....	4.3	2.2	1.9	1.0	2.4	1.1	10.8	5.0
1957.....	4.1	2.1	1.8	.9	2.6	1.2	11.0	5.2
1958.....	4.5	2.2	2.3	1.2	2.6	1.2	12.3	5.7
1959.....	4.8	2.4	2.1	1.1	2.6	1.2	12.5	5.8
1960.....	4.8	2.4	2.3	1.2	2.6	1.2	12.6	5.9
1961.....	4.6	2.3	1.8	.9	2.4	1.2	13.2	6.0

^{1/} Ratio of net profits to average of stockholders' equity at the beginning and end of the year. Stockholders' equity is excess of total balance sheet assets over liabilities.

Compiled from financial statements reported in Moody's Industrials.

Table 8.--Net profits (before and after taxes on income) as percentages of stockholders' equity and sales, corporations manufacturing textile-mill products and apparel and finished textiles, 1951-62

Year and quarter	Profits as percentage of --							
	Stockholders' equity				Sales			
	Textile-mill products		Apparel and other finished products		Textile-mill products		Apparel and other finished products	
	Before taxes	After taxes	Before taxes	After taxes	Before taxes	After taxes	Before taxes	After taxes
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
1951.....	19.8	7.1	9.9	3.0	7.9	2.9	2.1	0.6
1952.....	9.7	3.6	10.9	4.5	4.2	1.6	2.4	1.0
1953.....	9.8	3.9	11.3	5.0	4.7	1.9	2.6	1.2
1954.....	5.2	1.5	10.0	4.5	2.7	.8	2.3	1.1
1955.....	10.9	4.8	12.8	6.0	5.1	2.2	2.8	1.3
1956.....	11.8	5.8	16.5	8.1	5.3	2.6	3.3	1.6
1957.....	9.0	4.2	13.2	6.3	4.1	1.9	2.7	1.3
1958.....	7.4	3.5	11.7	5.0	3.4	1.6	2.3	1.0
1959.....	14.1	7.5	16.8	8.7	5.7	3.0	3.0	1.5
1960.....	12.0	5.8	15.8	7.7	5.1	2.5	2.8	1.4
1961.....	10.4	5.0	15.4	7.3	4.4	2.1	2.7	1.3
1961								
1st quarter.....	7.2	2.6	7.0	2.1	3.3	1.2	1.3	.4
2nd quarter.....	9.5	4.3	10.1	2.6	4.0	1.8	1.9	.5
1962								
1st quarter.....	11.4	5.3	14.4	6.7	4.7	2.2	2.8	1.3
2nd quarter.....	13.0	6.3	15.7	7.4	5.1	2.5	2.9	1.4

Computed from data in the "Quarterly Financial Report for Manufacturing Corporations" 1952-62 issues, published by the Federal Trade Commission and Securities and Exchange Commission.

DEVELOPMENTS IN MARKETING

Farmers' Marketings

The volume of products marketed by farmers this year is running about the same as last year's record volume. The index of marketings during the first 10 months of this year averaged 131 (1947-49=100) compared with 130 in the first 10 months of 1961. Farmers marketed about the same volume of crops and of livestock and livestock products this year as in 1961. Output of farm products also is about as large in 1962 as last

year's record volume. Farmers' marketings of livestock and livestock products are expected to be a little larger in the coming year than in 1962, but little change in crop marketings is in prospect.

Manufacturers' Output and Sales

Production of food and beverages, as measured by the Federal Reserve Index of Industrial Production, averaged 4 percent larger during the first 8 months

of 1962 than in the like period last year. Sales of firms manufacturing these products in the first 9 months of the year averaged 5 percent higher in 1962 than in 1961. Their inventories at the end of September were up 4 percent from a year earlier. Output and dollar sales of tobacco manufacturing firms increased slightly this year. The ratio of the book value of inventories on September 30 to sales during that month was a little larger this year than in 1961.

Output of textile mill products during January-August was 12 percent larger in 1962 than in 1961. Dollar sales of textile manufactures in the first 3 quarters were up 14 percent in 1962. Inventory values on September 30 totaled slightly higher than a year earlier. Output of apparel was 6 percent larger in January-August 1962 than in the like period last year.

Consumer Income

Personal disposable income per capita in the first 3 quarters this year averaged about 4 percent higher than a year before. According to preliminary estimates by the Council of Economic Advisors, per capita disposable income rose to a seasonally adjusted annual rate of \$2,054 in the third quarter this year, up 3 percent from July-September 1961. (See table on page 2.) Increases in consumer prices, however, held the gain in real income down to 2 percent. The Consumer Price Index in September of this year stood at 106.1 (1957-59=100) compared with 104.6 a year earlier. Prices of consumer services included in the index rose much more than prices of commodities. Disposable income per capita probably will average higher in 1963 than in 1962, but the rate of increase will likely be smaller than from 1961 to 1962.

Consumer Expenditures

Consumers spent \$395 per person (annual rate, seasonally adjusted) for food in the second quarter this year (the latest period for which data are available), about 3

percent more than in the second quarter of 1961. Less than half of this rise resulted from price increases. The larger part resulted from such factors as increases in marketing services and substitution of more expensive foods for cheaper foods. Expenditures for clothing and shoes average \$160 (annual rate, seasonally adjusted) per person in the second quarter this year, up from \$153 a year earlier. Retail prices were about the same in both quarters. Consumers spent 19.3 percent of their disposable income for food in the second quarter this year and 7.8 for clothing and shoes, about the same percentages as last year. Both percentages have gradually trended downward since the early post World War II years. With the anticipated relatively small increase in per capita disposable income, dollar expenditures for food and clothing per capita should be at least as large next year as this year, though the percentage of income spent on these commodities may be down a little.

Sales of retail food stores provide a further indication of consumer expenditures this year. Dollar sales in the first 9 months of this year were 4 percent larger than in the corresponding period of 1961. Dollar sales of grocery stores also were 4 percent larger this year than last. Price increases accounted for little of the gain in sales this year. Grocery stores operated by companies having 11 or more stores had 44 percent of total grocery store sales in the first 9 months of this year, the same proportion as in 1961 and 1960.

Investments by Marketing Firms

Expenditures for plant and equipment by firms manufacturing foods and beverages are expected to total \$1 billion this year, according to surveys conducted by the Department of Commerce and the Securities and Exchange Commission. This total would be the largest annual expenditure since 1948, and in dollars of constant purchasing power it would be the largest since 1953. Plant and equipment expenditures made or planned by textile manufacturing firms this year totaled \$630

million, up from \$500 million last year. If this is the final total, it will be the largest since 1951. A decrease, made last year, in the length of time the Treasury requires for depreciating textile equipment for Federal income tax purposes probably has accounted for part of the sharp increase in outlays by textile firms. Textile manufacturing companies' profits are up sharply this year (p.), providing encouragement to investment. Spending for plant and equipment by railroads also has jumped more than 20 percent this year. But the expected final total of \$830 million is considerably less than the \$1,030 million spent in 1960. Expenditures by other transpor-

tation firms are expected to total about 11 percent more at year's end than in 1961.

Many marketing and transportation firms in 1963 will have an increase in cash flow resulting from decreases in the length of time required to depreciate many physical assets in computing depreciation. These decreases were recently allowed by the Treasury. The increase in cash flow from this source and from the investment tax credit provided by the tax law recently enacted by Congress and approved by the President are expected to stimulate expenditures for plant and equipment.



Growth Through Agricultural Progress

X THE CONSUMERS' ADVISORY COUNCIL^{1/}

The Council of Economic Advisors established the Consumers' Advisory Council by direction of the President in his special message to Congress on March 15, 1962. This newly formed Council consists of 12 members, 6 men and 6 women with long-time interests in consumer programs and representing all parts of the country. Various other interests are represented -- business, law, the press, women's organizations, educational institutions, and consumer organizations. A modest budget and a small staff have been provided for the first year of operation. In addition, one representative from each of 22 government departments and agencies whose activities bear significantly on consumer welfare has been designated as the contact for the Council for such information and consultation as may be needed. Each representative has the responsibility of advising and assisting the head of his agency to assure "adequate and effective attention to consumer interests in the work of the agency, to act as liaison with the consumer and related organizations, and to place increased emphasis on preparing and making available pertinent research findings for consumers in clear and usable form."

Functions of the Council

In general, the Council is to chart its own course, and only very broad guide lines relating to its functions have been set up. These are to advise the executive branch of the Government: (1) On issues of broad economic policy; (2) on governmental programs protecting consumer needs; and (3) on the flow of consumer research material to the public.

This is not the first consumers' advisory group established by the Federal Government. During the early 1930's, a consumer-oriented group was appointed to work with labor and business advisory

boards on acceptable levels for prices and wages. A similar council was appointed to work with the Agricultural Adjustment Administration, and during World War II the price control and rationing agencies had advisory groups.

The present Consumers' Advisory Council has a somewhat broader program. It will continue to be concerned with protecting consumer interests, but will devote considerable effort to other areas as well. For example, of special interest in this year's program relating to acceleration of economic growth will be the forces determining consumer decisions to save or consume.

Further, the Council will turn some of its energies toward wider dissemination of results of government research. The President indicated interest in this area when he recently directed the Postmaster General to undertake a pilot program to promote greater awareness of current publications of interest to consumers. This program was started in September, when 100 post offices throughout the country were provided with a display describing 72 publications obtainable at moderate cost from the Government Printing Office.

Emphasis on consumer interests is not new in the Department of Agriculture. A congressional survey last year showed that the Department's work contributes both directly and indirectly to consumer welfare. The indirect contributions include inspection of agricultural products, establishing grades and standards, and the broad program of research related to the production, processing, and distribution of food and its use by consumers.

Direct efforts include programs such as the distribution of surplus commodities, school lunch and Extension Service programs, and the publication of bulletins and periodicals to disseminate information

^{1/} Prepared by Rosalind Lifquist, food economist, Marketing Economics Division, Economic Research Service.

to various segments of the general public.

The Consumers' Advisory Council is interested in having a better informed American public, one that understands the importance of each person in making our economy function to the advantage of all. The President stated that, by definition, consumers include all of us. Hence, it is the "largest economic group in the economy, affecting and affected by almost every public and private economic decision -- proposals in the interest of consumers are in the interest of us all -- they can yield rich dividends in strengthening our free competitive economy, our standard of living and health, and our traditionally high ethical patterns of business conduct."

Plans for Coming Year

The newly formed Consumers' Advisory Council met in Washington in September to plan its program for the coming year. The 6 work areas outlined by the Council are: (1) To study governmental consumer standards of identity, quality, quan-

tity, safety and product performance, including assessment from the consumer point of view of systems of grades, labels, and quality designation; (2) to prepare recommendations for improving the two-way flow of information and opinion between government and the consumer public; (3) to examine and advise (a) on different structures and procedures to achieve adequate and effective representation and participation of the consumer in government; (b) on consumer credit, with the objectives of assessing its effect on the family and the nation, evaluating contract terms as they facilitate or inhibit efficient and intelligent use of credit by consumers, and appraising methods by which consumers who have made excessive use of credit are treated; (c) on the interrelation among Federal agencies and between Federal and State agencies in providing consumer protection, with a view to improving the effective administration, enforcement and scope of such protection; and (d) on the process of economic growth with the objective of submitting the consumer's point of view on basic economic policies designed to promote a higher level of national product, income, and employment.

THE PILOT FOOD STAMP PROGRAM--A CONTINUING EXPERIMENT^{1/}

In mid-1961, USDA initiated pilot Food Stamp Programs in 8 areas of the Nation as a step toward determining the effectiveness of such an approach in providing better nutrition for needy families and in paving the way for a substantial improvement in use of our food production capacity. The test was broadened on August 2, 1962, when authorization was granted for initiation of the Program in 25 additional areas throughout the United States. An additional 14 areas were offered the Program on October 26, 1962. The expanded Food Stamp Program will permit its evaluation under a wider variety of operating conditions than were found in the 8 original areas.

Policymakers will be able to draw upon findings from large-scale food studies over several years to determine the ultimate role of the Food Stamp Program in the national food policy. The course of action taken will be of concern directly to agriculture, State and local Governments, and approximately 7 million needy recipients of donated commodities or food coupons.

The First Year

During the first year the Program operated, approximately 135,000-140,000 persons received food coupons each month in the 8 pilot areas. This number was slightly less than one-half of the 310,000 persons who were receiving donated commodities when the Direct Distribution Program was terminated in the pilot areas. The lower participation level under the Food Stamp Program is attributed primarily to changes in qualifying status of some families at the time of recertification and the coupon purchase feature of the Program. The exchange of the money that a family would normally be expected to spend for food for food coupons of greater value, however, provides insurance that the Federal assistance in the form of

free coupons will serve its intended purpose of increasing food consumption among participating families.

In the year ending June 30, 1962, food coupons valued at \$35.2 million were issued. Participants paid \$22.0 million or about 63 cents for every dollar of coupons received. The Government's contribution in free or bonus coupons was \$13.2 million. Thus, the average recipient each month received food coupons valued at about \$21 -- for which he had paid about \$13.

Research findings indicate that a high percentage of the Government's contribution of free or bonus coupons was used in creating an expanded market for foods at retail food stores. Retail food sales appear to have risen by at least \$7 per month for each participant.

Surveys of retail food store sales showed that sales increased in each of the 8 pilot areas after commodity distribution was supplanted by the Food Stamp Program. The overall sales gain was about 8 percent, with all size categories of food stores reporting increased sales. Resurveys in 2 pilot areas, after the Program had been in operation for about 9 months, indicate that sales gains are holding up.

Surveys of household food consumption undertaken during the first year indicate that the Food Stamp Program is contributing to expanded consumption by both urban and rural participants. The Program appears, however, to be particularly effective in urban areas where needy families have limited access to home-produced or other nonpurchased foods. After the Program began, participants in low-income sections of Detroit, Mich., were consuming foods with a retail value 34 percent above preprogram levels. In rural areas of Fayette County, Pa., an increase of 9 percent was observed. In both areas, however, animal products, fruits, and vegetables

^{1/} Prepared by Robert B. Reese, agricultural economist, Marketing Economics Division, Economic Research Service.

accounted for more than 80 percent of the increased retail value of consumption during the Program period.

The percentage of the same recipient households having diets which met recommended allowances of the National Research Council was greater when they were receiving food coupons than before (Detroit -- up from 29 to 48 percent; rural Fayette County, Pa., -- up from 26 to 39 percent). Control groups showed little change between the 2 survey periods. A nationwide survey in 1955 showed that about 50 percent of northern nonfarm households with incomes of less than \$4,000 had diets containing the same nutritional allowances.

These findings from the first year of operation indicate that the Program has moved toward its objectives of improving nutritional levels of needy persons and expanding markets for agricultural products. They also point to the need for continuing the pilot operation on a broader base during 1962, particularly to develop more definitive information on longer-range implications for agriculture, for agricultural marketing, and for national food and welfare policies.

The Second Year

Extension of the pilot program for a second year permits testing of administrative procedures and evaluation of market expansion and nutritional aspects under a wider variety of operating conditions. Procedures developed after a year's experience will be initiated and the results observed. More State and local governments will gain experience in carrying out their respective responsibilities for certification of needy families and the issuance and sale of food coupons to participants. The research evaluation will extend to areas with different regional diets and different requirements for Program participation.

By July 1963, the Program probably will have been tested in 20 or more States. Several hundred thousand needy persons will have received diet supplementation through food of their own choice purchased by free or bonus coupons--and the economic implications of their actions will have been evaluated. The results of perhaps the largest and most important food marketing study to date will have been made available for use in decision making. The question to be answered is: To what extent will the Food Stamp Program be utilized in making part of agriculture's abundant resources available for improving the health and well-being of needy families within the United States?

X RECENT DEVELOPMENTS IN TRANSPORTATION X

Transportation Review and Outlook 1/

This year there is much interest in transportation regulation and labor problems. Transportation rates are relatively stable for the second consecutive year, reflecting the competitive situation in the industry, among other things.

Transportation Message and Special Reports

The Presidential Railroad Commission report on railroad work rules was made in February. The President's message on transportation was delivered to Congress in April (see the Marketing and Transportation Situation, May 1962). In addition, the Administrative Conference of the United States released a report on regulatory rule-making in March.

Both the President's message and the report by the Administrative Conference recommended less transportation regulation. The President was concerned about promoting more economic efficiency in transportation resource use by permitting more of the managerial decisions to be made on a competitive basis free of regulatory restraints. The report by the Administrative Conference asked whether the scope and depth of transportation regulations should not be reduced, because modern transportation conditions have made the historic objectives of transportation regulations obsolete. The report by the Presidential Railroad Commission on work rules made equally broad recommendations for changing the conditions of employment for the Nation's on-train railroad workers. All of these reports were in the form of recommendations and relatively few of their recommendations have been adopted to date.

Legislation

Bills were introduced in Congress to implement the economic regulations recommended in the President's message. Both houses held hearings on the bills, but none was enacted into law. Two of these bills, S.3243 and H.R. 11584, would extend to all modes of transportation the exemptions from minimum rate regulation now granted to motor carriers when they haul unmanufactured agricultural commodities and to water carriers when they haul bulk commodities. All carriers would, however, be subject to the anti-trust laws in that minimum rates in restraint of competition would not be legal, except that joint rates would continue under the Reed-Bulwinkle Act.

Agricultural commodities now account for about 13 percent and bulk commodities for about 32 percent of total railroad revenues. Trucks haul only a small share of bulk commodities, and water carriers handle little agricultural traffic except grain.

Congress removed the 10 percent tax on rail and bus passenger fares and reduced it to 5 percent on airline fares.

Transportation Labor Negotiations

Negotiating committees for the railroad operating brotherhoods and the railroad managements were unable to agree on how the report of the Presidential Railroad Commission on work rules should be used. The railroads accepted the recommendations of the Commission and attempted to put them in force unilaterally, but the unions succeeded in obtaining a

1/ Prepared by C. P. Schumaier, transportation economist, Marketing Economics Division, Economics Research Service.

temporary restraining order in the Federal courts.

A month-long strike of railroad telegraphers on the Chicago and North Western Railway in September went to an arbitration panel. The basic issue involved was job security, and the panel, early in October, ruled largely in favor of the railroad. The railroad received the right to eliminate unneeded jobs without prior agreement with the union and in return agreed to make provisions for the protection of employees whose jobs are affected.

An extensive trucking strike in the New York City area in the fall of 1962 was settled on terms that may cause higher truck rates in the area. The labor difficulties of both the railroad and the

trucking industry are due to the difficulty of keeping working conditions related to changing technology. These difficulties are particularly hard to resolve in the railroad industry, where total employment has been declining.

It is not possible to predict the ultimate outcome of the work rules dispute on the railroads and of the similar disputes which involve work conditions in the trucking industry. However, it is likely that the increasingly intense competition between different modes of transportation will force both management and labor into making adjustments that permit greater exploitation of the available technology than is now possible in many cases. The arbitration award in the Chicago and North Western telegraphers case fits this pattern.

X Agricultural Traffic on the St. Lawrence Seaway 2/

The St. Lawrence Seaway, now approaching completion of its fourth navigation season, is established as an important gateway for U. S. domestic and foreign commerce.

Before the opening of the Seaway, most traffic through the Montreal-Lake Ontario section of the St. Lawrence River moved in shallow-draft Lake vessels unsuited for ocean navigation. Great Lakes commerce was limited primarily to bulk commodities such as coal, iron ore, petroleum products, and grain moving between United States and Canadian Lake ports.

Midwestern manufacturers and merchandisers dependent upon overseas points for supplies or markets were limited to costly overland transportation. To the extent that transportation costs affected total costs and marketability of product,

these firms were at a competitive disadvantage with firms located nearer coastal outlets.

The new Seaway, opened in April 1959, enables ocean-going vessels to call directly at U. S. Lake ports deep in the heartland of the Nation. Agricultural commodities are an important part of St. Lawrence Seaway commerce (fig. 1). This article outlines traffic patterns of agricultural products for the first 3 years of operation, indicates developments to date in 1962, and considers the potential for the future.

Traffic Patterns

Pre-St. Lawrence Seaway.--In 1955, 11.4 million cargo tons (2,000 pounds) of traffic moved through the old St.

2/ Prepared by Ralph O. Foster, transportation economist, Marketing Economics Division, ERS. Statistics quoted were compiled from annual reports of Boards of Trade, Annual Traffic Reports of St. Lawrence Seaway Authority and the St. Lawrence Seaway Development Corporation, and inspection reports of the Grain Division, Agricultural Marketing Service, USDA.

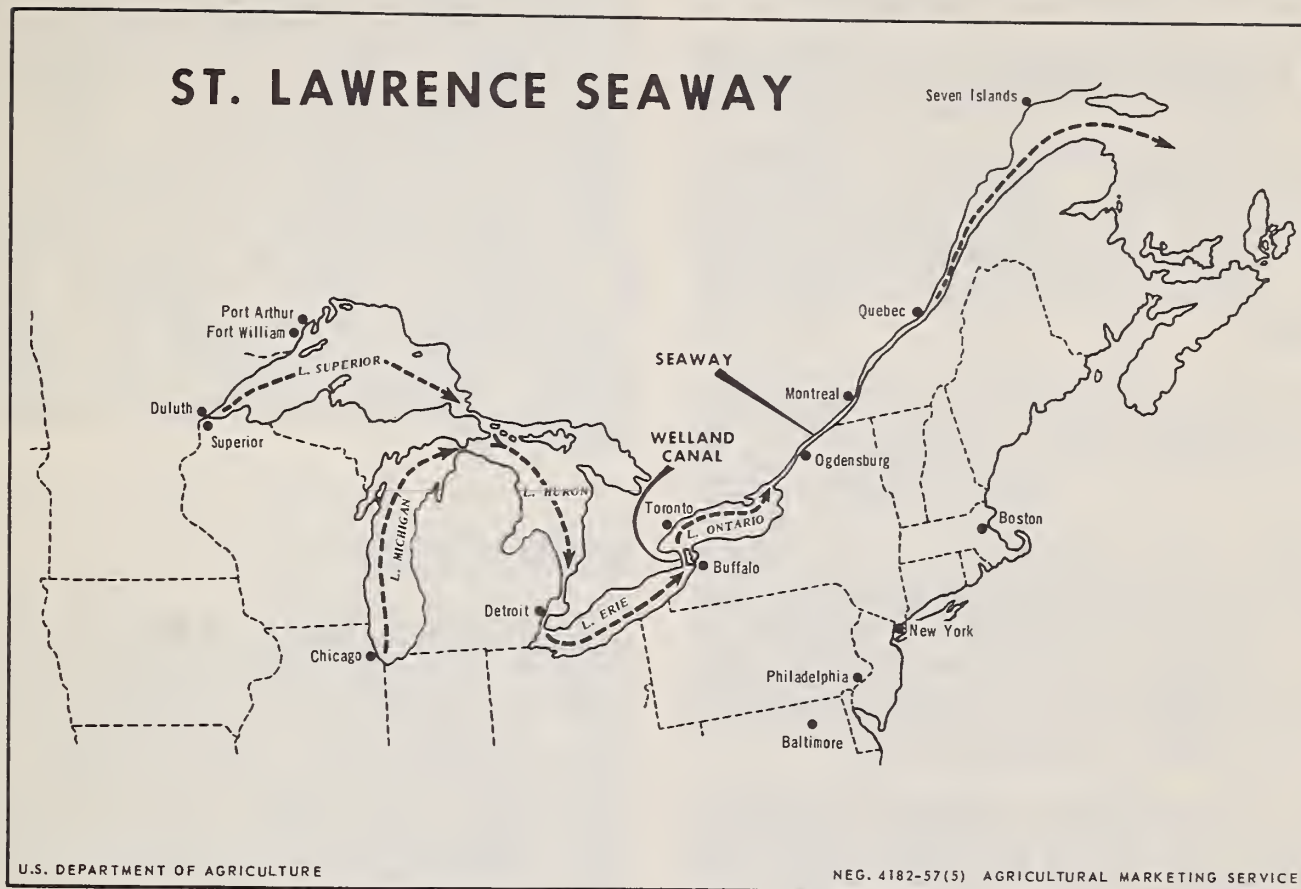


Figure 1

Lawrence Canals. Around 2 million tons were U. S. export traffic. Less than 15 percent of the U. S. exports moved directly overseas, and less than 5 percent was agricultural traffic. Of agricultural products exported, 83 percent, mostly grain, went to Canadian destinations.

About 2.2 million tons of U. S. imports came through the Canals; all but 11 percent originated in Canada. Only 10 percent of these imports were agricultural commodities.

1959 Navigation Season.--During the first navigation season, 20.6 million cargo tons of freight moved through the Montreal-Lake Ontario section of the St. Lawrence Seaway. More than 11 million tons of this traffic moved into or from U. S. Great Lakes ports. About 40 percent of the U. S. volume was export traffic, more

than one-half of which moved directly overseas. About 45 percent was imported from Canada, and 15 percent originated in foreign ports. Less than 0.3 percent was domestic volume.

U. S. Lake ports shipped and received 3.3 million tons of agricultural products through the Seaway -- equal to 29 percent of their total Seaway traffic in 1959. Just under 3.2 million tons -- 90 percent grain or grain products -- moved in export channels. Approximately 138 million bushels of grain were exported from Lake ports. Almost 87 million bushels moved directly overseas and another 27 million bushels were transshipped overseas from lower St. Lawrence ports. In addition to grain, diverse items such as powdered milk, lard, tallow, canned meat, hides, cheese, frozen meat, poultry, and grain products were exported overseas through the Lakes and Seaway. Imports

included olives, green coffee, cheese, breads, canned meats, and pulpwood.

1960 Navigation Season.--In 1960, 20.3 million cargo tons moved through the Montreal-Lake Ontario section of the St. Lawrence Seaway. The U. S. share -- 55 percent -- was about evenly divided between imports and exports. Domestic volume moving through this section was negligible.

Agricultural and forest products, totaling 3.9 million tons, accounted for 35 percent of the U. S. Seaway traffic. Over 3.8 million tons, mostly grain or grain products, were exported. U. S. ports shipped over 94 million bushels of grain directly overseas through the Seaway. In addition, Canada received some 54 million bushels, of which about 33 million bushels were ultimately delivered overseas.

Other commodities exported included such items as edible packing-house products, animal hides or pelts, pulpwood, and other forest products. Imports were mainly flour and "other" agricultural, animal, or forest products. 3/

1961 Navigation Season.--The United States received or shipped 53 percent of the total volume of 23.4 million cargo tons moving through the Seaway in 1961. U. S. exports from Lake ports totaled 7.2 million cargo tons, of which 62 percent moved directly overseas. Of the 5.1 million tons imported, overseas ports originated some 20 percent and Canada 80 percent. Just over 100,000 tons of domestic traffic passed through the Seaway.

Agricultural traffic passing through the Seaway equaled 4.6 million cargo tons; all but 195,000 tons were exported. Grain and grain products accounted for 98 percent of the agricultural exports.

Duluth-Superior, Chicago, and Toledo exported 68.0 million bushels of grain directly overseas and 83.8 million bushels to Canada in 1961. U. S. inspection reports indicate movement of 11.0 million bushels from other U. S. Lake ports, mostly to Canada. It is likely that some 60.0 million bushels of U. S. grain were transshipped to foreign markets via lower St. Lawrence ports, principally through Baie Comeau, where American grain interests have established a 3-million-bushel capacity elevator to handle such shipments.

Effects of Seaway

Great Lakes Region.--According to Joseph H. McCann, administrator of the St. Lawrence Seaway Development Corporation, the Seaway, "...has helped create new business in the Great Lakes region by making it possible to ship products less expensively and thus allowing producers to be more competitive in many market places where profits are squeezed tremendously." 4/

This statement is especially applicable to the grain trade and to those Lake ports which have been able to exploit natural advantages in location, ready accessibility from inland production areas, and natural harbors with facilities easily adapted to handling the large ocean-going vessels.

Duluth-Superior continues its position as the leading grain port on the Lakes. However, the Seaway has changed the distribution of the Lake shipments. For the 10 years before 1959, Lake shipments of grain from Duluth-Superior averaged 108 million bushels annually. More than three-fourths of this grain was shipped to Buffalo for storage, processing, or movement to North Atlantic ports for export. On the average, 15 percent of

3/ Miscellaneous shipments of varied commodities were classified as "other" in each of the major product groupings listed in the Annual Traffic Reports of the St. Lawrence Seaway.

4/ "Administrator Says Seaway Spurring Industry Growth in Great Lakes Region," Traffic World, No. 11, Vol. 111, Sept. 15, 1962. p. 27.

the annual volume moved to domestic ports other than Buffalo, and just over 7 percent was exported to Canadian Lake ports. Direct overseas movements from Duluth-Superior were rare. Since the opening of the Seaway, annual Lake shipments from Duluth-Superior have averaged 159 million bushels. The relative distribution of this movement has averaged as follows: Directly overseas, 44 percent; Buffalo, 40 percent; Canada, 10 percent; and other U. S. Lake ports, 6 percent. Much of the Canadian volume was transshipped to overseas destinations.

Toledo had the greatest relative increase in grain traffic of the 3 major U. S. Lake ports, Duluth-Superior, Chicago, and Toledo. Shipments from Toledo in 1957 and 1958 averaged 7.3 million bushels, most of which moved to Canada. During the first 3 years of the Seaway, Lake shipments increased steadily to 42.7 million bushels in 1961. Canada continued to receive most of Toledo's shipments, mainly destined for transshipment overseas.

Chicago initially increased its Great Lakes grain volume. However, it has not shared in the continually increasing Great Lakes grain traffic to the same extent as its competitors because of relatively inflexible port facilities, shallow connecting channels, labor difficulties, and unfavorable rail rate structures.

Chicago Lake shipments averaged about 23 million bushels in the 1949-58 period. This volume was divided fairly evenly between Canadian and U. S. Lake ports. In 1959, Lake shipments jumped to 49.3 million bushels; about 30 percent moved directly overseas; 43 percent was shipped to Canada; and domestic traffic accounted for 27 percent. Shipments declined to 43 million bushels in 1960 but rose slightly in 1961. Of the 44.4 million bushels shipped in 1961, 18 percent was shipped directly overseas; 53 percent was destined for Canada; and 29 percent went to Buffalo and Albany, N. Y.

Since opening of the Seaway, Milwaukee has become an exporter of grain via the

Great Lakes and Seaway. In calendar year 1961, 7.5 million bushels of grain were inspected for export through the Milwaukee port compared with 1.2 million in 1960 and none in 1959.

Buffalo, the pre-Seaway terminus for much of the Midwestern grain shipped on the Great Lakes for export through North Atlantic ports, suffered a drastic decline in Lake traffic. The Seaway afforded a cheaper route to overseas markets, not only because of the cheaper all-water rates but through elimination of costly transfer charges at Buffalo and North Atlantic ports.

Buffalo's receipts from U.S. Lake ports fell from 88 million bushels in 1958 to 69.4 million bushels in 1959. Total receipts rose to 74.3 million bushels in 1960 and to 87.2 million bushels in 1961. This recovery was due to increased domestic demand; rail loadings at Buffalo for export from the Eastern Seaboard were less than a million bushels in 1960, compared with an average of 33.9 million bushels for the decade before the opening of the Seaway.

Other U.S. Port Areas.--Atlantic ports have been the major losers in the battle for export grain traffic. Much of the volume exported overseas through Great Lakes ports in 1959 was diverted from Atlantic ports. Since 1959, the annual volume of grain inspected for exports at Atlantic ports has increased at a much slower rate than the U.S. total. Thus, the relative share moving through Atlantic ports has declined.

About 14 percent of the total U.S. grain inspected for export in 1959 moved through Great Lakes ports compared with less than 4 percent in 1958. After this initial jump, the Lake ports' proportion remained relatively stable, amounting to 13 percent of the total in 1961.

An increasing share of export grain is moving through the Gulf of Mexico. In 1961, Gulf ports handled 56 percent of the U.S. total compared with 52 percent in

1956. This increase occurred at the expense of the Atlantic ports. In an effort to compete for traffic that had moved to Great Lake ports in 1959, eastern railroads reduced their rates on corn moving to Atlantic export gateways. Railroads serving the Gulf countered with equal reductions. These competitive rail rate reductions in the Gulf area, combined with ocean freight rates not much higher at Gulf ports than at Atlantic ports, have resulted in the Atlantic being at a competitive disadvantage with both the Great Lakes and Gulf routes.

Competitive Modes of Transportation.-- Even before the St. Lawrence Seaway, railroads had been steadily losing grain traffic to truck and barge competition. Rail rates for carrying grain about doubled between 1945 and 1958. Barge rates, reflecting less comprehensive service and lower costs, were well under rail charges. More grain moved over the Mississippi River system to the Gulf for export. The initial movement to river elevators was usually by trucks, which are especially efficient in short-haul movements.

The Seaway served to accentuate the competitive disadvantage of the railroads. With a direct outlet to overseas ports, grain merchandisers no longer needed to make the long-haul rail movement to the Atlantic Seaboard. Trucks made vast inroads on grain traffic to Great Lakes ports.

In an effort to meet competition, railroads instituted a series of rate changes affecting Great Lake ports. The more important of these changes were:

1. A reduced local rate into Toledo, designed to meet truck competition.

2. Rate reductions on export grains shipped to Atlantic ports from specific origins east of the Mississippi River

and north of the Ohio River. The reduced rates provided for limited transit privileges and high minimum carload weights.

3. A reduced rate on corn moving eastward from northern Illinois through Kankakee, Ill., designed to reduce truck and barge traffic.

4. Rate reductions to Lake markets from Missouri River crossings and country origins in upper North Central States. These reductions were designed to meet truck competition and to broaden the area from which grain could be exported most economically via the Great Lakes-Seaway route.

5. Adjustments in rail rates to Chicago from Illinois origins, designed to permit the Chicago market a greater participation in coarse grains and soybean traffic.

6. A reduction, with transit limitations, of rail gathering rates into Duluth-Superior, designed to meet truck competition.

The effect of the Seaway upon rail traffic cannot be fully measured because: (1) Rails were losing grain traffic before the Seaway opened; (2) production varies from year to year; and (3) Government grain holdings have been shifted, usually moving by rail. However, it appears that the erosion of rail traffic has slowed, and railroads are now beginning to hold their own against competing modes and routes.

Developments in 1962

The current year has been one of turmoil for ocean shipping. There is a general oversupply of ships. A reduced movement of oil and petroleum products has caused excess tanker capacity to be used for grain shipments. Independent carriers have revolted against the traditional conference method of rate-setting. 5/

5/ "Warring Ship Lines Fight Cartels," Business Week, No. 1728, Oct. 13, 1962, p. 83.

This surplus of shipping capacities has contributed to a general decline in ocean rates. In early 1962, ocean grain rates averaged about 5 percent lower than a year earlier. As of October 20, grain rates were quoted about 25 percent lower than for the comparable date in 1961. ^{6/}

Grain has moved overseas at a record pace this year. Through October, 1,116.7 million bushels of grain had been inspected for export from all U.S. port areas -- 14 percent above 1961. U.S. Great Lake ports have enjoyed the greatest relative increase in export grain volume of all port areas. Through October, 202.6 million bushels had been inspected for export from these ports, almost 46 percent above the total for the like period in 1961. The 1962 volume equaled about 18 percent of the U.S. total.

Gulf ports reported an increase of almost 20 percent in export grain inspections as of October 31, 1962. Over 58 percent of all U.S. grain inspections for export had been recorded at Gulf ports. Much of this grain moved overseas in tankers converted to dry bulk trade. Some of these tankers cannot move through the St. Lawrence Seaway when loaded to full draft. Thus, they are more readily available at Gulf and North Atlantic ports.

Duluth-Superior, Chicago, and Toledo reported record-breaking volumes moving directly overseas in 1962. Through October 31, these ports exported a 76 percent greater volume than during the same period in 1961. Exports to Canada from these ports were running about 5 percent more than in the comparable period last year.

The rise in Seaway grain traffic may be attributed to increased inbound traffic and the general increase in cargo space previously noted. Inbound traffic over the Montreal-Lake Ontario section through September 1962 gained 40 percent over that in the same period of 1961. This rise is due primarily to increased shipments of iron ore.

The Outlook

The total volume of U.S. grain moving through the St. Lawrence Seaway is considerably larger this year than in 1961. Assuming the current pace continues through the end of the navigation season, over 225 million bushels likely will move into export channels, with better than one-half direct overseas shipments. Most of the volume increase in 1962 has been corn moving to the United Kingdom and members of the European Common Market.

Many of the ocean-going vessels calling at Great Lakes ports cannot load to full draft because of Seaway and connecting channel depth limitations. Much of the present lake fleet, designed for pre-Seaway operation, cannot carry the load permitted by the improved Seaway and channels. Canadian and U.S. firms are placing new maximum-length vessels into service between Great Lake and lower St. Lawrence ports. Two 730-foot bulk carriers entered service in September 1962, making a total of 13 such vessels added since the start of the 1961 season; more of these vessels are coming. These vessels add to the potential capacity of the Seaway and Welland Canal locks; it takes no longer for a 730-foot ship to transit a lock than it does for a 500-footer.

Some developments contributing to increased agricultural traffic through the Seaway are: A Great Lakes beet sugar refinery has begun to use raw cane sugar imported from the Dominican Republic; direct receipts of Australian boneless beef, formerly transshipped through East Coast ports; and the development of a European market for frozen tart red cherries grown in Michigan and Wisconsin (more than 3 million pounds were shipped in August 1962). Other movements include direct exports of frozen poultry to West Germany and imports of Ethiopian coffee and mahogany logs from West Africa. Increased imports of agricultural and manufactured goods via the Seaway

^{6/} Weekly Newsletter, Maritime Research, Inc. New York, N. Y., Vol. X, No. 17.

will bring more ships to Great Lakes ports. Many of these ships will seek grain for their primary or fill-out cargo on the outbound trip.

The Seaway can be affected by Federal reaction to some proposals made during 1962. Congressional representatives from the Great Lakes area have cited the need for coordinating government transportation practices and prices and have called for a revision of present trade patterns to take full advantage of the Seaway route. ^{7/} A Midwestern Senator urged the Department of Agriculture to make a thorough study of agricultural shipments to foreign ports. Purposes of the study would be to determine exports which

might be shipped more economically through Great Lakes ports and whether conditions at these ports could be improved to enable more economical shipment. In opposition to these views, representative of Atlantic tidewater ports have recommended that any study include a review of policies on increasing the use of tidewater ports which have suffered losses in agricultural shipments. ^{8/} Buffalo port and business leaders have conferred with government officials in an effort to reestablish traditional routings and storage points for export grain.

These developments accentuate the fact that agriculture plays an important role in the development of the St. Lawrence Seaway.

Recent Trends in Air Movement of Agricultural Perishables ^{9/}

The movement of agricultural perishables by air is increasing because of recent developments in the air freight industry. Some notable developments are: Lower air freight rates; new planes especially designed for cargo; improvements in techniques for handling products on the ground; and new lightweight containers featuring temperature controls designed for agricultural perishables.

Shipments of agricultural perishables, now a minor part of total freight by air, may take on new and greater dimensions. Up to now, perishables usually have been shipped in small quantities at the beginning or end of the season, when market prices were high and fast overnight deliveries made it possible to take advantage of these high prices.

A significant breakthrough in shipping agricultural perishables by air occurred

during the past year. Fresh salmon, which has historically moved from the Northwest to the East by Railway Express, is now moved predominantly by air freight. At last count, over 100,000 pounds had been moved by air, and the season was still underway. ^{10/}

One major U. S. airline reported that it is transporting about 12,000 pounds of white fish per month. Florida flowers are being shipped by air to Dutch importers. Tree-ripened fruits, vine-ripened vegetables, live lobsters, and other perishables are being air-shipped in increasing quantities.

Five major airlines carried more than 26,000 tons of agricultural products (excluding fish products) during 1961. This was a 62.5 percent increase from the volume carried by the same airlines during 1959. Cut flowers made up 55

^{7/} The Great Lakes News Letter. Great Lakes Commission. Vol. VI, No. 5. May 1962.

^{8/} The Great Lakes News Letter. Great Lakes Commission. Vol. VII, No. 1. September 1962.

^{9/} Prepared by John H. Hunter, Jr., Transportation Economist, Marketing Economics Division, Economic Research Service.

^{10/} Air Cargo, Aug. 1961, p. 20.

percent of this total. Products included were:

<u>Product</u>	<u>Tons</u>
Cut flowers	14,700
Other horticultural products	5,600
Fresh fruits and vegetables.	3,000
Poultry	1,200
Frozen foods	300
Miscellaneous food stuffs. .	1,000
Other miscellaneous	800
Total	<u>26,600</u>

Lower Air Freight Rates

Air freight rates are becoming more competitive with surface rates because of the introduction of new aircraft, improved methods for handling products on the ground, and improved package design. Present air freight rates average 18 to 20 cents per ton-mile compared with about the same rate for rail express and an average of about 6 cents per ton-mile for truck movement.

The Civil Aeronautics Board announced on August 28, 1961, its decision to revoke the order prescribing minimum rates on domestic shipments by air freight. The new order (E-17370) became effective on October 1, 1961. This move by the CAB has allowed carriers with efficient operating equipment to pass on additional cost savings to shippers in the form of rate reductions. The individual freight carriers now have relative freedom in rate-making so long as rates do not go below what the CAB considers to be economic levels.

Airline officials believe the new turbo-prop planes can operate economically at a rate of 12 to 14 cents per ton-mile. ^{11/} Other planes in the manufacturing stage may enable airlines to reduce rates to about 10 cents per ton-mile.

New Planes

Recently, planes designed for cargo have been introduced into service, and

additional ones are in the planning and development stages. These planes feature greater speeds and increased capacity and are designed for greatly accelerated loading and unloading procedures. They also are being designed to land and take off on the runways of conventional airports already in existence. The direct operating cost per ton-mile of the new turboprops is estimated at about one-half that of piston, propellor-driven aircraft.

The bulk of air freight is now moved in piston aircraft that were converted from passenger service when jets were introduced for passengers. Some airlines are operating all-cargo turboprops in addition to converted piston aircraft, and some freight is moving in combination passenger-freight turbojets. Additional airlines will be using turboprops and turbojets as they are able to dispose of their piston aircraft.

Ton-mile operating costs are gradually decreasing as improvements are made in aircraft design. The new jets can transport cargo at approximately 15 percent of the cost of the early piston aircraft. Of equal importance is the increase in the payload range -- the distance which the cargo can be transported.

Improvements in Handling Methods

Loading and unloading techniques are important to the realization of maximum air freight potentials. Mechanized methods are being introduced to reduce the time taken for loading and unloading. Some of the planes feature truck-bed height cargo decks for a rapid transfer of freight from trucks.

Cargo-handling systems are being designed to reduce the time consumed at intermediate stops between origin and destination. This is a difficult problem to overcome, because there is considerable variation in the volume of cargo handled at each stop. Loading systems will be made as flexible as possible to

^{11/} Air Cargo, Aug. 1961, p. 25.

accommodate this variation in volume.

The all-cargo carriers have an advantage over combination passenger-cargo carriers in the location of terminal facilities. The design and layout for cargo handling facilities alone makes for more economical loading and unloading procedures. However, all types of carriers, whether all-cargo or combination passenger-cargo, are making every effort to maximize efficiency. Their immediate objective is to cut by at least one-half, the time now taken in loading and unloading operations.

New Containers for Agricultural Perishables

A number of containers designed for agricultural perishable shipments by air are now available. One such container has an individual refrigeration unit that enables the airlines to satisfy the dif-

ferent temperature requirements of perishables. Two or more perishables requiring different temperatures may be shipped along side each other, or the refrigeration unit in a container may be shut off when not needed. The individual refrigeration unit eliminates excessive water caused by melting ice. The quality of the perishables in transit will be protected to the fullest extent, which will enable consumers to purchase a better quality product at market points. Another container is a specially insulated box, which affords temperature control during flight. These containers are of lightweight material to keep down tare weight for both shippers and airlines.

The new containers are adaptable for pallet-handling for all-cargo aircraft and can be loaded as individual units into the belly of combination aircraft. A palletized unit can be shipped to a transfer point and then broken down and shipped individually to market points at various locations not being served previously.

SELECTED NEW PUBLICATIONS

1. "A Technical-Economic Evaluation of Four Hide-Curing Methods," by Konrad Biedermann, Herman Nack, M. B. Neher, and Odin Wilhelmy, Jr., U. S. Dept. Agr., Econ. Res. Ser., AER-16, Sept. 1962. (A contract study with Battelle Institute, Columbus, Ohio.)
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3. "Evaluation of Supply-Control Plans for Grade A Milk in Georgia," by J. C. Purcell, Ga. Expt. Sta., N. S. 151, July 1962.
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: Publications issued by State Agricultural Experiment :
: Stations may be obtained from the issuing Station. :

Table 9.- Farm food products: Retail cost and farm value, July-September 1962, April-June 1962, July-September 1961, and 1947-49 average 1/

Product 2/	Retail unit	Retail cost						Net farm value 3/					
		July-Sept. 1962	Apr.-June 1962	July-Sept. 1961	1947-49 average	Percentage change: from -		July-Sept. 1962	Apr.-June 1962	July-Sept. 1961	1947-49 average	Percentage change: from -	
						Apr.-June 1962	July-Sept. 1961					Apr.-June 1962	July-Sept. 1961
		Dollars	Dollars	Dollars	Dollars	Percent	Percent	Dollars	Dollars	Dollars	Dollars	Percent	Percent
Market basket 4/.....	(	1,073.30	1,065.56	1,061.14	940.09	1	1	412.93	403.48	5/401.36	466.02	2	3
Meat products .....	(	289.59	277.72	273.91	256.08	4	6	157.81	144.27	5/140.60	170.90	9	12
Dairy products .....	(	199.77	198.41	201.67	169.28	1	-1	97.62	5/85.80	5/89.53	91.66	2	-2
Poultry and eggs .....	(	83.73	80.53	84.33	117.01	4	-1	51.14	46.73	5/49.51	80.69	9	3
Bakery and cereal products	(
All ingredients	quantities purchased	170.95	169.98	167.43	121.96	1	2	30.71	5/31.57	29.93	34.97	-3	3
Grain	wage-earner and clerical-worker	---	---	---	---	---	---	23.84	5/24.43	22.24	24.96	-2	7
All fruits and vegetables ...	family in 1952	241.24	250.21	244.78	184.68	-4	-1	67.98	76.10	5/71.86	60.93	-11	-5
Fresh fruits and vegetables:		147.67	155.73	147.07	103.91	-5	6/	48.63	55.31	5/49.17	42.91	-14	-1
Fresh vegetables		70.44	79.16	67.69	53.17	-11	4	21.35	26.99	5/20.93	22.97	-21	2
Processed fruits and vegetables		93.56	94.48	97.71	---	-1	-4	19.34	19.79	5/22.69	---	-2	-15
Fats and oils		43.05	43.80	44.09	52.21	-2	-2	10.41	5/11.78	12.73	19.84	-12	-18
Miscellaneous products		44.97	44.91	44.92	38.87	6/	6/	7.26	7.23	7.20	7.03	5/	1
		Cents	Cents	Cents	Cents	Percent	Percent	Cents	Cents	Cents	Cents	Percent	Percent
Beef (Choice grade)	Pound	83.0	80.5	76.9	68.5	3	8	53.3	49.8	5/44.7	48.5	7	19
Lamb (Choice grade)	Pound	72.5	70.6	65.2	63.9	3	11	38.3	35.4	5/32.1	44.2	8	19
Pork (retail cuts)	Pound	62.2	57.8	60.1	59.4	8	3	34.1	29.8	5/33.3	39.7	14	2
Butter	Pound	74.7	75.0	76.3	79.4	6/	-2	54.2	54.1	5/55.1	59.3	6/	-2
Cheese, American process	1/2 Pound	36.1	36.3	36.2	29.8	-1	6/	14.1	14.2	15.0	16.0	-1	-6
Ice cream	1/2 gallon	85.4	85.9	86.2	---	-1	-1	7/22.5	7/22.4	7/23.3	---	6/	-3
Milk, evaporated	14 1/2 ounce can	15.4	15.6	15.9	13.7	-1	-3	6.1	6.1	6.4	7.1	0	-5
Milk, fluid	Quart	25.2	24.9	25.4	20.1	1	-1	10.7	10.4	10.9	10.6	3	-2
Chickens, frying, ready-to-cook:	Pound	40.4	39.9	36.7	---	1	10	21.2	19.8	5/16.9	---	7	25
Eggs	Dozen	50.0	47.2	54.0	66.7	6	-7	33.7	30.4	5/36.0	48.0	11	-6
Bread, white													
All ingredients	Pound	21.2	21.1	20.9	13.5	6/	1	3.1	3.2	3.0	3.3	-3	3
Wheat	Pound	---	---	---	---	---	---	2.6	2.7	2.4	2.7	-4	8
Crackers, soda	Pound	31.1	31.0	29.1	---	6/	7	4.1	4.1	3.8	---	0	8
Corn flakes	12 ounces	27.5	26.9	26.7	17.1	2	3	2.5	2.6	2.6	3.2	-4	-4
Corn meal	Pound	14.1	14.0	13.3	11.8	1	6	2.5	2.6	2.7	3.6	-4	-7
Flour, white	5 pounds	57.2	56.7	55.9	48.4	1	2	20.5	5/20.5	18.8	21.0	0	9
Rolled oats	18 ounces	23.8	23.6	22.5	14.5	1	6	3.8	4.1	3.9	4.9	-7	-3
Apples	Pound	19.6	18.0	20.6	11.9	9	-5	5.3	6.7	5/5.8	4.4	-21	-9
Grapefruit	Each	15.4	13.0	15.4	8.5	18	0	3.3	2.1	3.5	1.4	57	-6
Lemons	Pound	19.6	19.2	18.3	17.7	2	4	5.3	4.4	4.7	5.7	20	13
Oranges	Dozen	79.8	77.3	81.7	46.6	3	-2	27.6	20.4	27.6	12.6	35	0
Beans, green	Pound	21.3	30.6	20.9	21.1	-30	2	9.5	12.5	9.2	9.3	-24	3
Cabbage	Pound	8.6	14.6	8.9	6.9	-41	-3	2.3	4.8	2.7	1.9	-52	-15
Carrots	Pound	15.5	15.4	15.9	11.1	1	-3	3.8	5.4	4.2	4.0	-30	-10
Celery	Pound	15.7	17.4	13.3	---	-10	18	5.5	6.6	4.0	---	-17	38
Lettuce	Head	17.6	21.0	16.6	14.5	-16	6	5.0	6.7	5.6	6.3	-25	-11
Onions	Pound	11.5	13.8	11.6	8.4	-17	-1	3.1	4.8	3.9	3.7	-35	-21
Potatoes	10 pounds	69.6	65.7	64.0	51.9	6	9	20.6	20.1	5/16.2	25.6	2	27
Sweetpotatoes	Pound	16.8	17.3	8/18.2	11.6	-3	-8	4.7	7.4	5/8/4.7	4.8	-36	0
Tomatoes	Pound	25.4	33.6	25.7	---	-24	-1	7.8	11.6	9.6	---	-33	-19
Orange juice, canned	46 ounce can	41.1	42.7	48.7	---	-4	-16	12.7	13.1	19.3	---	-3	-34
Peaches, canned	No. 2-1/2 can	32.9	33.0	33.1	31.5	6/	-1	6.1	6.4	5.8	5.3	-5	5
Beans with pork, canned	16 ounce can	15.0	14.9	14.9	---	1	1	2.2	2.2	2.1	---	0	5
Corn, canned	No. 303 can	20.0	20.0	21.0	16.7	0	-5	2.3	2.3	2.3	2.7	0	0
Peas, canned	No. 303 can	22.6	22.4	22.1	21.4	1	2	3.0	2.9	3.0	3.0	3	0
Tomatoes, canned	No. 303 can	15.6	15.8	15.9	14.2	-1	-2	2.7	2.7	2.5	2.6	0	8
Orange juice concentrate, frozen:	6 ounce can	19.9	20.7	24.3	---	-4	-18	7.6	8.2	11.8	---	-7	-36
Strawberries, frozen	10 ounces	27.1	27.2	27.0	---	5/	6/	6.1	6.0	6.4	---	2	-5
Beans, green, frozen	9 ounces	22.9	22.7	22.9	---	1	0	4.2	4.2	4.3	---	0	-2
Peas, frozen	10 ounces	20.8	20.9	20.3	---	6/	2	3.0	3.1	3.0	---	-3	0
Dried beans (navy)	Pound	17.3	17.3	17.0	19.9	0	2	6.3	6.4	6.0	9.7	-2	5
Dried prunes	Pound	40.9	41.4	41.8	23.1	-1	-2	16.1	16.1	5/19.0	8.8	0	-15
Margarine, colored	Pound	28.0	28.7	29.2	39.7	-2	-4	6.3	7.4	8.5	12.2	-15	-26
Peanut butter	Pound	57.7	57.4	55.7	---	1	4	19.0	20.9	18.4	---	-9	3
Salad dressing	Pint	38.3	38.3	38.0	37.8	0	1	6.0	5.5	7.2	10.0	-8	-17
Vegetable shortening	3 pounds	87.6	91.0	92.3	105.6	-4	-5	22.7	5/26.4	30.0	46.2	-14	-24
Corn sirup	24 ounces	27.4	27.3	27.0	---	6/	1	2.8	2.8	2.8	---	0	0
Sugar	5 pounds	58.7	58.3	58.6	48.4	1	6/	19.8	19.8	19.8	19.4	0	0

1/ The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.

2/ Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

3/ Gross farm value adjusted to exclude imputed values of byproducts obtained in processing.

4/ Sum of product groups may differ slightly from market basket total because of rounding of averages.

5/ Revised.

6/ Less than 0.5 percent.

7/ Farm value of cream and milk only.

8/ 2-month average.

Table 10.- Farm food products: Farm-retail spread and farmer's share of the retail cost, July-September 1962, April-June 1962, July-September 1961 and 1947-49 average 1/

Product 2/	Retail unit	Farm-retail spread 3/						Farmer's share			
		July-Sept. 1962	Apr.-June 1962	July-Sept. 1961	1947-49 average	Percentage change July-Sept. 1962 from -		July-Sept. 1962	Apr.-June 1962	July-Sept. 1961	1947-49 average
						Apr.-June 1962	July-Sept. 1961				
		Dollars	Dollars	Dollars	Dollars	Percent	Percent	Percent	Percent	Percent	Percent
Market basket 4/	(	660.37	662.08	5/659.78	474.07	6/	6/	38	38	38	50
Meat products	(	131.78	133.45	5/133.31	85.18	-1	-1	54	52	51	67
Dairy products	(	112.15	5/112.61	5/112.14	77.62	6/	6/	44	43	44	54
Poultry and eggs	(	32.59	33.80	5/34.82	36.32	-4	-6	61	58	59	69
Bakery and cereal products	(	140.24	5/138.41	137.50	86.99	1	2	18	19	18	29
All ingredients	(	---	---	---	---	---	---	14	14	13	20
Grain	(---	---	---	---	---	---	---	---	---	---
All fruits and vegetables	(	173.26	174.11	5/172.92	123.75	6/	6/	28	30	5/29	33
Fresh fruits and vegetables	(	99.04	99.42	5/97.90	61.00	6/	1	33	36	5/33	41
Fresh vegetables	(	49.09	52.17	5/46.76	30.20	-6	5	30	34	5/31	43
Processed fruits and vegetables	(	74.22	74.69	5/75.02	---	-1	-1	21	21	23	---
Fats and oils	(	32.64	5/32.02	31.36	32.37	2	4	24	27	29	38
Miscellaneous products	(	37.71	37.68	37.72	31.84	6/	6/	16	16	16	18
		Cents	Cents	Cents	Cents	Percent	Percent	Percent	Percent	Percent	Percent
Beef (Choice grade)	Pound	29.7	30.7	5/32.2	20.0	-3	-8	64	62	5/58	71
Lamb (Choice grade)	Pound	34.2	35.2	5/33.1	19.7	-3	3	53	50	49	69
Pork (retail cuts)	Pound	28.1	28.0	5/26.8	19.7	6/	5	55	52	55	67
Butter	Pound	20.5	20.9	5/21.2	20.1	-2	-3	73	72	5/72	75
Cheese, American process	1/2 pound	22.0	22.1	21.2	13.8	6/	4	39	39	41	54
Ice cream	1/2 gallon	62.9	63.5	62.9	---	-1	0	26	26	27	---
Milk, evaporated	14 1/2 ounce can	9.3	9.5	9.5	6.6	-2	-2	40	39	40	52
Milk, fluid	Quart	14.5	14.5	14.5	9.5	0	0	42	42	43	53
Chickens, frying, ready-to-cook	Pound	19.2	20.1	5/19.8	---	-4	-3	52	50	46	---
Eggs	Dozen	16.3	16.8	5/18.0	18.7	-3	-9	67	64	5/67	72
Bread, white											
All ingredients	Pound	18.1	17.9	17.9	10.2	1	1	15	15	14	24
Wheat	Pound	---	---	---	---	---	---	12	13	11	20
Crackers, soda	Pound	27.0	26.9	25.3	---	6/	7	13	13	13	---
Corn flakes	12 ounces	25.0	24.3	24.1	13.9	3	4	9	10	10	19
Corn meal	Pound	11.6	11.4	10.6	8.2	2	9	18	19	20	31
Flour, white	5 pounds	36.7	5/36.2	37.1	27.4	1	-1	36	36	34	43
Rolls oats	18 ounces	20.0	19.5	18.6	9.6	3	8	16	17	17	34
Apples	Pound	14.3	11.3	5/14.8	7.5	27	-3	27	37	28	37
Grapefruit	Each	12.1	10.9	11.9	7.1	11	2	21	16	23	16
Lemons	Pound	14.3	14.8	14.1	12.0	-3	1	27	23	25	32
Oranges	Dozen	52.2	56.9	54.1	34.0	-8	-4	35	26	34	27
Beans, green	Pound	11.8	18.1	11.7	11.8	-35	1	45	41	44	44
Cabbage	Pound	6.3	9.8	6.2	5.0	-36	2	27	33	30	28
Carrots	Pound	11.7	10.0	11.7	7.1	17	0	25	35	26	36
Celery	Pound	10.2	10.8	9.3	---	-6	10	35	38	30	---
Lettuce	Head	12.6	14.3	11.0	8.2	-12	15	28	32	34	43
Onions	Pound	8.4	9.0	7.7	4.7	-7	9	27	35	34	44
Potatoes	10 pounds	49.0	45.6	5/47.8	26.3	7	3	30	31	5/25	49
Sweetpotatoes	Pound	12.1	9.9	5/13.5	6.8	22	-10	28	43	5/26	41
Tomatoes	Pound	17.6	22.0	16.1	---	-20	9	31	35	37	---
Orange juice, canned	46 ounce can	28.4	29.6	29.4	---	-4	-3	31	31	40	---
Peaches, canned	No. 2-1/2 can	26.8	26.6	27.3	26.2	1	-2	19	19	18	17
Beans with pork, canned	16 ounce can	12.8	12.7	12.8	---	1	0	15	15	14	---
Corn, canned	No. 303 can	17.7	17.7	18.7	14.0	0	-5	12	12	11	16
Peas, canned	No. 303 can	19.6	19.5	19.1	18.4	1	3	13	13	14	14
Tomatoes, canned	No. 303 can	12.9	13.1	13.4	11.6	-2	-4	17	17	16	18
Orange juice concentrate, frozen	6 ounce can	12.3	12.5	12.5	---	-2	-2	38	40	49	---
Strawberries, frozen	10 ounces	21.0	21.2	20.6	---	-1	2	23	22	24	---
Beans, green, frozen	9 ounces	18.7	18.5	18.6	---	1	1	18	19	19	---
Peas, frozen	10 ounces	17.8	17.8	17.3	---	0	3	14	15	15	---
Dried beans (navy)	Pound	11.0	10.9	11.0	10.2	1	0	36	37	35	49
Dried prunes	Pound	24.8	25.3	5/22.8	14.3	-2	9	39	39	45	38
Margarine, colored	Pound	21.7	21.3	20.7	27.5	2	5	23	26	29	31
Peanut butter	Pound	38.7	36.5	37.3	---	6	4	33	36	33	---
Salad dressing	Pint	32.3	31.8	30.8	27.8	2	5	16	17	19	26
Vegetable shortening	3 pounds	64.9	5/64.6	62.3	59.4	6/	4	26	29	33	44
Corn sirup	24 ounces	24.6	24.5	24.2	---	6/	2	10	10	10	---
Sugar	5 pounds	38.9	38.5	38.8	29.0	1	6/	34	34	34	40

1/ The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.

2/ Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

3/ The farm-retail spread is the difference between the retail cost and the net farm value, table on opposite page.

4/ Sum of product groups may differ slightly from market basket total because of rounding of averages.

5/ Revised.

6/ Less than 0.5 percent.

7/ 2-month average

Table 11.- Farm food products: Retail cost, farm value of equivalent quantities sold by producers, byproduct allowance, farm-retail spread, and farmer's share of retail cost, July-September 1962 ^{1/}

Product ^{2/}	Farm equivalent	Retail unit	Retail cost	Gross farm value	Byproduct allowance	Net farm value	Farm-retail spread	Farmer's share
			Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket ^{3/}			1,073.30	---	---	412.93	660.37	38
Meat products			289.59	---	---	157.81	131.78	54
Dairy products			199.77	---	---	87.62	112.15	44
Poultry and eggs		Average quantities purchased per urban wage-earner and clerical-worker family in 1952	83.73	---	---	51.14	32.59	61
Bakery and cereal products	Farm produce equivalent to products bought by urban families							
All ingredients			170.95	---	---	30.71	140.24	18
Grain			---	26.78	2.94	23.84	---	14
All fruits and vegetables			241.24	---	---	67.98	173.26	28
Fresh fruits and vegetables			147.67	---	---	48.63	99.04	33
Fresh vegetables			70.44	---	---	21.35	49.09	30
Processed fruits and vegetables								
Fats and oils			93.56	---	---	19.34	74.22	21
Miscellaneous products			43.05	---	---	10.41	32.64	24
			44.97	---	---	7.26	37.71	16
			Cents	Cents	Cents	Cents	Cents	Percent
Beef (Choice grade)	2.25 lb. Choice grade cattle	Pound	83.0	58.2	4.9	53.3	29.7	64
Lamb (Choice grade)	2.33 lb. lamb	Pound	72.5	44.1	5.8	38.3	34.2	53
Pork (retail cuts)	2.13 lb. hogs	Pound	62.2	38.7	4.6	34.1	28.1	55
Butter	Cream and whole milk	Pound	74.7	---	---	54.2	20.5	73
Cheese, American process	Milk for American cheese	1/2 pound	36.1	---	---	14.1	22.0	39
Ice cream	Cream and milk	1/2 gallon	85.4	---	---	4/22.5	62.9	26
Milk, evaporated	Milk for evaporating	14-1/2 ounce can	15.4	---	---	6.1	9.3	40
Milk, fluid	Wholesale fluid milk	Quart	25.2	---	---	10.7	14.5	42
Chickens, frying, ready-to-cook	1.37 lb. broilers	Pound	40.4	---	---	21.2	19.2	52
Eggs	1.03 doz.	Dozen	50.0	---	---	33.7	16.3	67
Bread, white								
All ingredients	Wheat and other ingredients	Pound	21.2	---	---	3.1	18.1	15
Wheat .....	.882 lb. wheat	Pound	---	2.9	.3	2.6	---	12
Crackers, soda	1.38 lb. wheat	Pound	31.1	4.6	.5	4.1	27.0	13
Corn flakes	1.57 lb. white corn	12 ounces	27.5	3.2	.7	2.5	25.0	9
Corn meal	1.34 lb. white corn	Pound	14.1	2.8	.3	2.5	11.6	18
Flour, white	6.9 lb. wheat	5 pounds	57.2	22.9	2.4	20.5	36.7	36
Rolls oats	2.31 lb. oats	18 ounces	23.8	4.3	.5	3.8	20.0	16
Apples	1.08 lb. apples	Pound	19.6	---	---	5.3	14.3	27
Grapefruit	1.04 grapefruit	Each	15.4	---	---	3.3	12.1	21
Lemons	1.04 lb. lemons	Pound	19.6	---	---	5.3	14.3	27
Oranges	1.04 doz. oranges	Dozen	79.8	---	---	27.6	52.2	35
Beans, green	1.09 lb. snap beans	Pound	21.3	---	---	9.5	11.8	45
Cabbage	1.10 lb. cabbage	Pound	8.6	---	---	2.3	6.3	27
Carrots	1.06 lb. carrots	Pound	15.5	---	---	3.8	11.7	25
Celery	1.11 lb. celery	Pound	15.7	---	---	5.5	10.2	35
Lettuce	1.41 lb. lettuce	Head	17.6	---	---	5.0	12.6	28
Onions	1.06 lb. onions	Pound	11.5	---	---	3.1	8.4	27
Potatoes	10.42 lb. potatoes	10 pounds	69.6	---	---	20.6	49.0	30
Sweetpotatoes	1.12 lb. sweetpotatoes	Pound	16.8	---	---	4.7	12.1	28
Tomatoes	1.13 lb. tomatoes	Pound	25.4	---	---	7.8	17.6	31
Orange juice, canned	5.83 lb. Fla. oranges for canning	46 ounce can	41.1	---	---	12.7	28.4	31
Peaches, canned	1.89 lb. Calif. cling	No. 2-1/2 can	32.9	---	---	6.1	26.8	19
Beans with pork, canned .....	.35 lb. Mich. dry beans	16 ounce can	15.0	---	---	2.2	12.8	15
Corn, canned	2.49 lb. sweet corn	No. 303 can	20.0	---	---	2.3	17.7	12
Peas, canned .....	.69 lb. peas for canning	No. 303 can	22.6	---	---	3.0	19.6	13
Tomatoes, canned	1.84 lb. tomatoes for processing	No. 303 can	15.6	---	---	2.7	12.9	17
Orange juice concentrate, frozen	3.05 lb. Fla. oranges for frozen concentrated juice	6 ounce can	19.9	---	---	7.6	12.3	38
Strawberries, frozen .....	.51 lb. strawberries for processing	10 ounces	27.1	---	---	6.1	21.0	23
Beans, green, frozen .....	.71 lb. beans for processing	9 ounces	22.9	---	---	4.2	18.7	18
Peas, frozen .....	.70 lb. peas for freezing	10 ounces	20.8	---	---	3.0	17.8	14
Dried beans (navy)	1.00 lb. Mich. dry beans	Pound	17.3	---	---	6.3	11.0	36
Dried prunes .....	.97 lb. dried prunes	Pound	40.9	---	---	16.1	24.8	39
Margarine, colored	Soybeans, cottonseed, and milk	Pound	28.0	---	---	6.3	21.7	23
Peanut butter	1.77 lb. peanuts	Pound	57.7	---	---	19.0	38.7	33
Salad dressing	Cottonseed, soybeans, sugar, and eggs	Pint	38.3	---	---	6.0	32.3	16
Vegetable shortening	Soybeans and cottonseed	3 pounds	87.6	---	---	22.7	64.9	26
Corn sirup	1.90 lb. corn	24 ounces	27.4	3.5	.7	2.8	24.6	10
Sugar	38.16 lb. sugar beets	5 pounds	58.7	20.8	1.0	5/19.8	5/38.9	5/34

^{1/} The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.

^{2/} Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

^{3/} Market basket total may differ slightly from sum of product group totals because of rounding of averages.

^{4/} Farm value of cream and milk only.

^{5/} Net farm value adjusted for Government payments to producer was 24.2 cents, farm-retail spread adjusted for Government processor tax was 36.2 cents, and farmer's share of retail cost based on adjusted farm value was 41 percent.

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